

MUNICIPAL GOVERNMENT AND URBAN DEVELOPMENT  
A Study of the Recent Reforms in West Bengal

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#### ABOUT THE BOOK

Municipal government generally has not received serious attention of the Indian scholars, and far less attention has been given to the study of the actual processes of reforms in municipal government and urban development. This study of the recent reforms in municipal government and urban development in West Bengal is the first of its kind undertaken in India.

The focus of the present study is on the reforms undertaken in West Bengal in this particular field during the period from 1977-78 to 1982-83. This is the period when the Left Front government in the state brought in an urgency in introducing new legislations, new policies and new institutions all affecting municipal government and urban development. The same kind of reforming zeal in this field has not been found in any other state in India.

The present study has sought to indentify the forces working behind the urgency to reform, analyse the basic contents of reforms, and discover the reasons for the gaps noticed between declared purposes of reforms and their actual implementation. Finally an attempt has been made to generalise on the experiences of undertaking reforms in municipal government and urban development in West Bengal under the aegis of the political parties claiming to pursue the goal of socialist revolution.

#### ABOUT THE AUTHOR

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## PREFACE

This is a case study of the major reforms introduced in the field of municipal government and urban development in West Bengal between 1977-78 and 1982-83. These reforms affected in some significant ways urban development policies, municipal legislations, and institution-building in this area. This study seeks to understand the processes as well as the substance of the reforms.

This is the first ever attempt to study municipal reforms in West Bengal comprehensively and analytically, and to relate them to the broader theme of state-local relations. It is hoped that this study would help policy-makers, reformers, practical administrators, and practitioners in municipal management to appreciate the need for municipal reforms and the difficulties involved in implementing them. Those who take interest in studying the problems of urban development and municipal government would find the analyses presented here interesting, informative, and sometimes provocative. If the present study can achieve that much, it would be considered sufficiently rewarding for a small piece of research like the present one.

The idea of undertaking a case study like this was first suggested to me by my colleague Professor Abhijit Datta, who also read parts of the first draft and made many valuable comments. Shri P.R. Dubhashi, IAS, the Director of the Institute really agreed to sponsor this study. I remain personally grateful to them.

Many people extended their cooperation to facilitate data collection for this study. My discussions with them sharpened my understanding of the problems and processes of urban development and municipal government in West Bengal. However, specific acknowledgement of their help and cooperation seems inadvisable, as most of them understandably preferred to remain anonymous. To all these people, I extend my sincere thanks. I am also grateful to Professor Mohit Bhattacharya, Centenary Professor of Public Administration in the University of Calcutta, for the encouragement and advice I have received from him. I myself, however, remain solely responsible for the inadequacies and blemishes that may have crept into this study.

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## CHAPTER - 1

### INTRODUCTION

This study offers a critical account of the various reforms in municipal government and urban development in West Bengal between 1977-78 and 1982-83. These reforms appear to affect different aspects of municipal government and urban development in some important ways and in varying degrees. The Left Front government in the state has brought in a series of reforms during this period by enacting new municipal legislations, formulating new urban development and planning policies, evolving new formula of financial assistance to the municipalities and strengthening municipal personnel system, creating a number of institutions for increasing management capability of municipal government and helping the municipal authorities in the task of valuation of properties. These reforms seek to give a much-needed push to the tempo of urban development in the state and improve its management. Through these reforms a degree of legitimacy seems to have been lent to municipal government and urban development machinery.

More than sixty years ago it was Sir Surendranath Banerjea, the great nationalist leader, who had championed the cause of municipal government in Bengal. As a minister of local self-government in Bengal under the Dyarchy system, he was instrumental to the reform of the Corporation of Calcutta in order to provide for a politically responsible executive in the Corporation. But for a variety of reasons the municipal government in Bengal suffered an eclipse in terms of powers, prestige and status. The advent of independence made matters

worse for municipal government in general. The state government assumed more powers of controlling the municipal bodies, and most of them remained superceded for a long period. The financial difficulties experienced by the municipal bodies were chronic and there was progressive deterioration in the level of services rendered by them. When the Left Front came to power in the state in mid-1977, West Bengal's urban scene appeared near chaotic: vast number of municipal bodies, including the premier municipal institution of Calcutta Corporation, remaining either suspended or superseded; serious financial crisis engulfing the moribund institutions of urban government; universal deterioration in civic services; and antiquated legislations governing the functioning of municipal bodies. The series of municipal reforms brought about by the Left Front government in West Bengal stand in sharp contrast to the relative inaction in the matter of municipal government in other states of India.

Apparently it seems that these reforms aim at improving the status of municipal government and recognising its legitimate role in the management of urban development. The contents and implications of these reforms have therefore been examined in order to find out whether these reforms and the way these are being implemented have been adequate for improving the status of municipal government.

#### Genesis of Reforms

When the Left Front came to control the state government in West Bengal in mid - 1977, it had no clear electoral mandate for any particular reform of municipal government except the general political commitment to restore local democracy which had been practically

destroyed during the previous ten years or so. Speaking from hindsight, it can be said that the appointment of Shri Prasanta Sur as the cabinet minister in charge of local government and urban development was responsible for the initiation of a mood and tempo of reforms in this area. The new minister brought quite different experience, values and philosophy from those of his predecessors in this department of the state government. He had earlier served Calcutta Corporation as a councillor for about two decades, had the experience of leading several agitations of the rate-payers in his constituency, and finally became the Mayor of the corporation. He was also intimately connected with the West Bengal Municipal Association, which is the only officially-recognised forum of the municipalities and municipal corporations in the state. As the Mayor of Calcutta, he had chalked out some developmental schemes but the alliance of the left parties which then controlled the Corporation was soon thrown overboard as the Corporation was superseded for the second time in its history in March 1972. So, as the minister in charge of local government and urban development, he naturally wanted to have a thorough look into the whole world of municipal government and urban development. Within a year of assuming his office, he also received the additional charge of the department of metropolitan development which deals with the planning and development of Calcutta Metropolitan District.

By this time (1977-78), however, some concrete experience had already been gained in respect of urban development in CMD and elsewhere in the state. With new facilities created under urban development projects coming on line, there was then a more tangible recognition than before, within the state government machinery, of the continuing cost

burdens associated with the newly-created urban facilities. It was at that time almost universally accepted that the benefits of the investments made could not be realised unless proper institutions were developed for operation and maintenance of these urban facilities, most of which were inherently local government functions. Thus it became the interest of the state government to vest more functional responsibilities in municipal bodies. At the same time, it was realized that almost all municipal bodies, with the partial exception of Calcutta Corporation, were thoroughly ill-equipped, both fiscally and administratively, to assume such responsibilities. Hence, reforms in the system of municipal government and urban development became an urgent necessity, so to say, at that time.

#### The Agents of Reforms

Vital to any minister is his immediate official environment and the advisory staff helping him in his work as a minister. The state government's Department of Local Government & Urban Development had at that time a progressive-minded, forward-looking civil servant who was also inclined to reforms and experimentation. The chief executive officer of CMDA, the secretary of the department of metropolitan development as well as the finance secretary of the state government at that time all happened to be pro-reformers in their temperament. Above everything else, International Development Agency (IDA), the soft-lending associate body of the World Bank, which has been intimately connected with planning and development of Calcutta metropolitan area since 1973, has all along been asking for reforms in urban development and municipal management. The legacy of Calcutta Metropolitan Planning

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Organisation and its blueprint of Basic Development Plan (1966), as well as the activities of Calcutta Metropolitan Development Authority (created in 1970) had already been there to provide enough materials for reevaluation of urban development and municipal government in the state. In course of time, the minister brought in his own expert advisers: the planning adviser to the state government and also a young economist member of the State Planning Board, both of whom are known to have been sympathisers of the political party the minister belongs to. Both of them came to be intimately associated with the formulation of the minister's ideas and programmes of reform. Besides, a lobby of non-official urban experts representing one well-known business house, which had been very much active in the field of urban development since the early 1970s, quickly developed some close relations with the minister. One of their leading representatives in Calcutta enjoyed direct access to the minister who made him a member of the drafting committee on Calcutta Corporation bill and subsequently also a member of the Municipal Finance Commission. Furthermore, West Bengal Municipal Association, which was then fully controlled by the persons of the minister's own political persuasion, rallied round him and began to demand various reforms in urban development and municipal government. All these reformers were later joined by the West Bengal Municipal Finance Commission, an expert body appointed in December 1979 to examine the various issues of municipal finances vis-a-vis the state finances. Last of all, the minister as the centre of activities of all reformers received full support and backing of the Chief Minister. This

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1. CMPO was set up in 1961; it lost its separate identity in 1976 when it was formally merged with Town and Country Planning branch of the Department of Planning and Development of the state government.

factor greatly helped the process of municipal reforms during this period as it generated an atmosphere congenial to municipal reform and was in sharp contrast to the attitudes adopted by all governments in the state since independence, including the two short-lived governments of the left parties themselves. It seems that this whole range of immediate and proximate decision-makers influenced the strategies and contents of different municipal reforms in different degrees.

The political parties in opposition to the Left Front offered little substantive resistance to these reforms because of two reasons: first, the main opposition party (Congress-I) was then mostly busy with its own internal organisational problems, and secondly, the opposition parties had, in fact, no alternative policies on municipal reforms. Whatever noise they could make either within the legislature or outside was either related to isolated points about tardy implementation of development programmes or some vague allegations of corruptions on the part of the state government. Secondly, unlike in 1967 and 1969, the state government controlled by the Left Front this time did not experience any non-co-operation from the central government and senior civil servants belonging to all-India services during the period under discussion. The political atmosphere was, so to say, propitious for municipal reforms, especially after the state government had made known its strong desire to restore local democracy and improve the conditions of the urban poor.

Some concurrent developments also helped the process of municipal reforms. Immediately after coming to power, the new ministry had already reviewed the decade-old moribund panchayati raj institutions in the state. A policy decision had already been taken to route major

portion of funds allocated for rural development through panchayati raj institutions. Naturally, a similar policy seemed to be called for in urban areas of the state. Then, again, the constituent parties in the ruling Front felt the urgency of party building and nursing their support structure in urban areas. Strengthening of municipal government organisationally and financially appeared as one of the effective ways of nursing their support structure in urban areas. The ministerial zeal for municipal reform seems to have originated, at least partially, from this felt need of party building in the urban areas.

#### Method and Scope of Inquiry

The present account of the reforms in municipal government and urban development is primarily based on the study of relevant official documents and papers. Some valuable information about, and insight into, the reform processes have been obtained through free and unstructured interviews with the concerned officials. Attention has been devoted to studying the origins of reforms, the strategies adopted by the reformers and the substantive contents of reforms. Finally, the effectiveness of the reforms has been evaluated. It has not always been possible to indicate the sources of information because of understandable reluctance of the sources to be identified. This kind of methodological difficulty is, of course, quite natural in any study dealing with contemporary facts and processes of legislative and administrative changes.

So far as new legislations are concerned, the most important piece of reform has been introduced by the two new legislations for Calcutta and Howrah municipal corporations. A new management structure called

Mayor-in-Council has been proposed in these two major legislations enacted with a view to establishing effective local democracy and making city government responsible and accountable to the local people. A few other reforms relating to administrative decentralisation and municipal taxation have been incorporated in these new legislations for municipal corporations. The reforms proposed in these new legislations have been compared and contrasted, wherever necessary, with the various changes introduced through the major recent amendments (1980) to the Bengal Municipal Act, 1932, which govern the district municipalities in West Bengal.

In the field of new policies, three items deserve attention viz.

- (a) the new urban development policy vis-a-vis the changes in the strategy of metropolitan planning and development; (b) the new system of strengthening municipal personnel through deputation of state-level officers to municipalities; and (c) the new grants policy for giving financial assistance to municipal bodies.

As regards new institutions created, the setting up of the Central Valuation Board (CVR) seems to be the most innovating institutional reform. The rationale for setting up such an institution is not difficult to establish, but to operationalise it involves a number of difficulties. Besides, the reform strategies and processes lying behind the creation of Directorate of Local Bodies (DLB), Directorate of Municipal Engineering (DME), and the Institute of Local Government and Urban Studies (ILGUS) have also been studied. These are the new supportive institutions which have been created to give a permanent shape to the new policy of increasing the operational efficiency and strengthening the management capability of municipal government.

While dealing with all these aspects of reforms in urban development and municipal government recently undertaken in West Bengal, the problems and issues have, first of all, been set against their historical perspective so that the degree of novelty of the reforms could properly be assessed. Evaluation of the reform measures have been sought to be made on as objective a ground as possible. That reforms have been made is itself a matter to be welcomed to the extent that the reformers have exhibited their preparedness to reject the old and the traditional, and their inclination to innovate and create new institutions. The evaluations made here are based on honest academic points of criticism primarily with the hope that the reformers themselves could be benefitted, if they care to be. It is also likely that the future reformers would be benefitted from the lapses of their predecessors.

This inquiry into the reforms in municipal government and urban development begins with the analysis of the new legislations for municipal corporations, and then seeks to find out how far the role of municipal government has been enlarged through its increased involvement in urban planning and development. Since no institution can play any important role without sufficient finances and adequate staffing, the discussion on urban planning and development has been followed by an analysis of the new grants-in-aid system and the changed pattern of municipal staffing. Changes brought through new policies and new legislations need to be consolidated through the creation of new institutions. This point has been taken care of in the penultimate chapter. In the end, an effort has been made to bring together the loose ends of the earlier discussions about new legislations, new

policies and new institutions, and to derive the lessons of the reform efforts.

Basically a case study of the policy-making and implementation processes in regard to municipal government and urban development in an important state in India, this study sheds some light on how reform proposals are shaped and implemented or not implemented through manoeuvring of groups and individuals in conflict, and also on the range of strategies and policy alternatives available to the official decision-makers. The strategies, timing, motivations working behind various municipal reforms have been sought to be assessed in an attempt to go beyond the rhetoric and official statements formally made. The roles of different agents of reform, namely, Government and Opposition, senior civil servants, unofficial experts, municipal bodies and municipal forums, other professional groups, and international aid-giving agencies - have been examined for the sake of a real understanding of the processes, contents, and results of the municipal reforms. Apart from illuminating the rather neglected areas of administrative change and innovation and providing an inkling into the processes of governmental policy-making and policy-implementation, the present study also partially shades light on an important segment of the centre-state and state-local relations in India.

## CHAPTER - 2

### NEW LEGISLATIONS

New thinking on municipal government can be abundantly noticed in the new legislations for Calcutta and Howrah municipal corporations. The Calcutta bill had been in preparation since the middle of 1978 and the Howrah bill's drafting began a bit later. After passing through their respective select committee stages, the state legislature passed the Calcutta bill on 6th May and the Howrah bill on 4th September, 1980. Both the bills were sent for scrutiny by the central ministries and the assent of the President. The presidential assent for both was received in December 1981.

#### Origins

Both these two legislations were deemed necessary for certain reasons. In Calcutta's case, the municipal corporation of this premier city of West Bengal (for that matter, of eastern India) had been superseded by the Congress-controlled state government in March 1972. When the Left Front came to replace the Congress in the state government, the popular control over the Corporation of Calcutta was not immediately restored. It is known that the Minister concerned preferred to have a thorough look into the municipal government of Calcutta and bring forth a new legislation for Calcutta.

Howrah is the biggest urban centre in West Bengal next only to Calcutta. Its municipal board, which had been kept in suspended animation through the appointment of the Executive Officer by the

erstwhile Congress government, was restored by the Left Front government immediately after coming to power in the middle of 1977. Earlier, Howrah municipality, along with the neighbouring Bally municipality, were to form the Howrah-Bally municipal corporation under an Act of 1965. But much local opposition against this move came from the inhabitants of Bally municipality and a court injunction prevented the enforcement of the Act of 1965. This legislation was finally repealed in 1974. By this time the population figure and the urbanisation level of Howrah had considerably increased and in 1978-79 state government took a policy decision to constitute a municipal corporation for Howrah urban area alone.

The Left Front as such had no "Policy" no reforming municipal government at the time of the state Assembly election in 1977: its election manifesto contained only a general reference to restoring democratic institutions and taking administration closer to the people.

The initiative in reforming city government of Calcutta and Howrah seems to have come from the Minister-in-charge of local government and urban development, who had earlier served as a councillor of Calcutta Corporation for about two decades and had been its Mayor for two one-year terms. He took the initiative to appoint a drafting committee for preparing the bill for Calcutta corporation. The drafting of the Howrah bill was entrusted with a Special Secretary in the Department of LG & UD. It was expected that either the Minister or the state government as such would clarify the common approach to these proposed legislations; but neither of them did spell out anything in detail apart from the general desire to establish meaningful local democracy in city government and create a sound financial base for its smooth working.

The drafting of the Calcutta bill was entrusted to a six member committee comprising five officials of the state government and one non-official expert closely connected with a business circle. On the other hand, the Howrah bill was drafted by a Special Secretary in the Department of LG & UD, who had some legal background and experience in legislative processes. No official document is available for discovering the exact stages of drafting and the real considerations behind the various reforms proposed. However it is known that at the initial stage there was some close interaction between these two persons: the non-official member of the drafting committee on the Calcutta bill and the Special Secretary entrusted with the drafting of the Howrah bill. Hence there are some features common to both the legislations. But before long these two persons fell apart for various reasons. The non-official expert became very much close to the Minister and his direct and effective access to the Minister made matters difficult for the Special Secretary. These two persons are known to have developed, in course of time, a sort of allergy towards each other. The bills for Calcutta and Howrah were drafted in seclusion of each other, and some differences in the contents of the bills were built-in. What appears somewhat surprising is that neither of these two bills were formally processed departmentally at any stage with the result that the normal channels of coordination available within the state government's departmental machinery were absent. By the time the two drafts, with some common features and a few divergences between them, were ready, the Minister had no desire to spend any further time to sort out the differences, as some of them appeared to be a little knotty. He preferred to present them to the legislature without wasting any further time. It is known that there were some discussions about the Calcutta

bill in the Left Front Committee among the constituent parties of the Left Front, but the Minister, who belongs to CPI(M), had no difficulty in obtaining the political clearance for the outline reforms proposed in it. The Howrah bill never received any serious political scrutiny.

#### Select Committee Stage

The two bills were introduced separately with a time gap. The Calcutta bill came first and because of Calcutta's importance it naturally received more public attention. After receiving preliminary consideration by the Legislative Assembly, these were referred to two separate select committees. Because of his closeness to the Minister who had found him to be an expert on the subject, the non-official member of the drafting committee was made a "permanent invitee" to the select committee on the Calcutta bill. This inclusion appeared as somewhat unusual practice and two opposition Congress (I) MLAs resigned from the select committee on protest against this inclusion of an outsider in a committee of the legislature. The select committee on Calcutta bill received evidence from different quarters, including some academic experts. But the contributions of the experts on the contents of the bill was minimal. Only the new features of the bill in regard to pollution control and town planning seem to have been incorporated after the Select Committee had heard the academic experts.

At the select committee stage, many changes took place, of which two were important: first, provision was made for a chairman who (not Mayor as originally proposed in the bill) would preside over the deliberative organ of the municipal corporation; secondly, the position of Deputy Mayor was rationalised by making him a nominee of Mayor (not

allowing him to act as a "speaker-in-attendance" as originally proposed in the bill). Subsequently these changes were also reflected in the Howrah bill as well. It is known that the necessity of these changes for the sake of consistency with the basic philosophy of the bill were pointed out by some bureaucrats who had been associated at the drafting stage. Among other changes introduced at this stage, two need special mention, viz.(a) increase in the rate of property taxation, and (b) rebate on graduated scale of taxation in respect of owner-occupier. The permanent invitee on the Select Committee is known to have taken keen interest in the drafting of the Calcutta bill. He succeeded in persuading the committee members to incorporate some details of street alignment and building rules into the bill. In fact, much of the secretarial assistance for the Select Committee was provided by his own office. Eventually the Calcutta bill was finally passed by the Legislative Assembly on 6th May and Howrah bill on the 4th September, 1980. Both received the assent of the President of India in December 1981. The state government took another two years to bring the Calcutta Act into force (January, 1984), but the Howrah Act is still awaiting the necessary notification for enforcement. The Calcutta Act has again been amended in 1983 in order to amalgamate three adjoining municipalities of Jadavpur, Garden Reach, and South Suburban with Calcutta Municipal Corporation.<sup>1</sup>

The Calcutta Municipal Corporation Act (1980) formally came into force on 4th January 1984, but Calcutta Municipal Corporation continues

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1. It is interesting to note that Garden Reach municipality had earlier been merged with Calcutta Corporation in 1924 along with Manicktala, Cossipore, and Chitpur municipalities; but Garden Reach was separated in 1935. Tollygunge municipality was merged with Calcutta Corporation in 1953.

to remain superseded under the new Act. The city government, called the Corporation of Calcutta since 1923, would be called Calcutta Municipal Corporation under the new Act.

#### Similarities and Divergences

The two legislations bear similarities in regard to four aspects, viz. (i) political executive, (ii) administrative decentralisation, (iii) separate functional municipal funds, and (iv) limited period of supersession.<sup>2</sup> The differences are many in details but basically two in regard to (i) functional jurisdiction of the city government, and (ii) structure of property taxation.

Both the legislations contained new features in regard to executive leadership in city government, structure and rates of property taxation, and a few management innovations. In both the legislations the Mayor-in-Council form of city government has been proposed. Rejecting the traditional Bombay model of legal but artificial separation between the deliberative and executive wings, with its accompanying contradictions and bottlenecks, these two legislations have sought to make the Mayor-in-Council a compact body for exercising the powers and leadership of a political and responsible executive in city government. Being quite a revolutionary reform, this innovation deserves a detailed discussion.

#### Mayor-in-Council

It is by no means quite self-evident as to why the Mayor-in-Council form was finally adopted for Calcutta and Howrah Corporations. But it is known that the Minister had first indicated his strong desire to get

2. For a detailed comparison of the two legislations, see Appendix-I.

the city government rid of the basic weakness of the elected leadership vis-a-vis the municipal Commissioner as provided under the 1951 Act of Calcutta Corporation. He himself had his own personal bitter experience as a former Mayor of Calcutta Corporation. Once this point was clear, two bureaucrat members of the drafting committee enthusiastically advocated the Mayor-in-Council form of city management. But it is not known whether the option for this form of municipal management was made after analysing the pros and cons of other possible models of city government.

For a long time past, since the 1960s, the All India Council of Mayors and the Central Council of Local Self-Government had been persistently demanding a structural reform of the urban local government. The Centre for Training and Research in Municipal Administration of the Indian Institute of Public Administration, New Delhi, had prepared in 1971 a report on model legislation suggesting several alternatives like presidential system, cabinet system and committee system in municipal government. It is known that the then secretaries in the state government's Department of Metropolitan Development and in the Department of LG & UD, and the non-official advisor of the Minister in charge of this Department, had studied this document on model legislation. The choice finally fell on the Mayor-in-Council form which had close resemblance to the cabinet system of government. It may be safely presumed that one of the reasons for accepting this form of municipal government was that it would be in tune with the political ethos of the country's constitutional system.

The declared purpose of adopting this form of city government was to remove a deep-rooted malady, namely, lack of responsive and

responsible government to the people-at-large at the city level. In conformity with the Left Front's general policy of restoring democratic institutions and strengthening the role of the people in the administration of the state, it was decided at the political level that local democracy was to be established at the city government level, and it was ideologically argued that unless the city government could be made accountable to the local people, it would be impossible to fight against the external symptoms of municipal maladministration. The broad approach adopted was to vest city government in the elected general body and provide for a political executive accountable to this general body. It was also realised that "part-time standing committees of councillors of the yesteryears are no match to the challenges of civic administration in this closing phase of the twentieth century."<sup>4</sup> A full-time Mayor-in-Council charged with the day-to-day administration of civic affairs is the chief feature of these two new legislations. Additionally, both the legislations have provided, in the tradition of parliamentary system, for a chairman who would conduct the business of the deliberative organ.

These two new legislations have created three authorities of city government, viz. (a) the Corporation (i.e. the general council in which the municipal government is vested), (b) Mayor-in-Council, and (c) Mayor. The Municipal Commissioner and the Municipal Secretary are the two important functionaries amongst the municipal officials. The Mayor would be the chief executive and the leader of the team in the Mayor-in-

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3. Minister's speech while introducing the Calcutta bill, Calcutta Municipal Gazette, 17 May, 1980.
  4. Ibid.

Council. He would be elected by the elected members of the Corporation, and the Deputy Mayor and other members of the Mayor-in-Council would be chosen by the Mayor. The Mayor-in-Council as the executive would remain collectively responsible to the Corporation. Both the legislations have provided for administrative decentralisation by constituting Borough Committees at the lower (borough) level, which would consist of the councillors elected from the wards constituting the borough, except those included in the Mayor-in-Council.

Of all the interactions likely between these constituents of the new system of city government, the most important one would be the interaction between the Mayor-in-Council and the Borough Committees which are to function under the "general supervision and control of the Mayor-in-Council" but, at the same time, the members of a borough committee would be free to discuss and raise any issue in the Corporation. Being closer to the people, the borough committees would be expected to take after most of the house-keeping work and interact intimately with the rate-payers. The Mayor-in-Council would be concerned with larger issues and bigger problems of the whole city, hence the rate-payers would expect their borough committees to act as pressure groups within the set-up of city government. Presumably the borough committees were intended to be used as a check upon the Mayor-in-Council which would function at a distance from the rate-payers.<sup>5</sup> Conflicts may arise, especially when any borough committee happens to be controlled by political parties other than the party controlling the Mayor-in-Council.

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5. M.K. Maitra, "Mayor-in-Council: Prospects for the Future" (mimeo), Paper presented at the National Seminar on Status of Municipal Government, Centre for Urban Studies, IIPA, New Delhi, July 1983.

Another conflict situation is likely to arise because of the fact that the corporation employees at the borough level are accountable to the borough committee but, at the same time, they are accountable, as corporation employees, to the Municipal Commissioner who, in turn, has been made accountable to the Mayor. This and similar other areas of overlapping jurisdictions might create problems in certain cases, especially when every member of a borough committee, is also a member of the Corporation. The problem has been nicely described by a former Commissioner of Calcutta Corporation:

"Every Councillor would have to function wearing two hats. The question is which hat would prove to be more precious. Possibilities are that borough-level problems, if not sorted out within the borough committee or the Mayor-in-Council, will travel upto the Corporation level."<sup>6</sup>

Then again, the Municipal Commissioner has been made accountable to the Mayor, and not to the Mayor-in-Council; and the corporation employees have been, in turn, made accountable to the Municipal Commissioner. In such a situation, the individual members of the Mayor-in-Council are likely to find it difficult to interact directly with the principal officers responsible for the departments under their charge; yet, in the absence of such direct interactions, the Mayor-in-Council system as the executive body would find it difficult to function smoothly on the principle of collective responsibility. It appears that the Mayor would enjoy a privileged position under this system, as he has been given complete authority to assume full control of the executive

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6. Ibid.

functions disregarding his colleagues in the Mayor-in-Council and the borough committees. Not that this kind of situation would normally occur, but the possibility cannot be ruled out.

In the next place it is interesting to note that the Municipal Commissioner, who is the custodian of all municipal records, has not been made the custodian of the records of the Corporation, Mayor-in-Council and Municipal Accounts Committee. These functions have been vested in the Municipal Secretary who is also the secretary to the Corporation. Presumably this check and balance is an attempt to control the executive branch, but such arrangement may create conflict situations.

#### Critical Areas

The critical areas in the proposed system of city government are therefore many: (i) the relationship between Mayor-in-Council and borough committees; (ii) relationship between borough committee and borough employees vis-a-vis Municipal Commissioner, Mayor, and Mayor-in-Council; (iii) Mayor functioning through Commissioner and by-passing his colleagues on the Mayor-in-Council; (iv) conflict potential due to the dual role of Municipal Secretary and location of executive accountability at the Mayor's level.

Except the District Engineer and the District Conservancy Officer, the distinct borough level functionaries of many other departments of the corporation have not been statutorily identified. The administrative structure visualised in the new legislations for municipal corporations does not easily conform to the basic concepts

underlying these legislations. This seems to be an important issue on which the smooth functioning of the Mayor-in-Council system would depend. At the borough level, definite functional obligations for such house-keeping services as water supply, conservancy,, road repairs, drainage, baste<sup>r</sup>e administration have been imposed without considering the problem of administrative set-up to match these functional obligations. If two-tier city administration is to succeed, it seems desirable to confer necessary powers and authoritics at the appropriate levels.

The Mayor-in-Council is a structural reform, not a reform of internal management. The former does not guarantee the latter. But a major contribution of the Mayor-in-Council system would be to bring back political sanction to city government. Like all developmental administration, city administration also is political in the sense of being involved in resource mobilisation, resource allocation, and resource accumulation. Its process is also political insofar as these tasks are performed through exercise of power, distribution of patronage, and popular participation. The Mayor-in-Council has been given three major roles to perform as (a) political executive, (b) decision-making authority, and (c) participant in the management function. This system would, hopefully, be harnessed for restoring the much-needed nexus between urban management and politics, and for achieving coordination of activities of other development agencies concerned with planning and development of CMD.

The whole experiment of the Mayor-in-Council would be a success only if there is any genuine desire on the part of state govrnment to decentralise some of its powers and resources. This kind of reform in

municipal government predicates certain internal metamorphosis of the governmental structure and policies at the state level. In West Bengal (for that matter, in India) the relation between state government and city government has so far been a mixture of neglect, dependence, mistrust and sporadic interests. Unwillingness or failure to carry through necessary and consequential re-adjustments in state-local relations would doom the prospects of this reform of city government. The stimulus for this kind of structural reform did not come from within these two municipal bodies of Calcutta and Howrah as body politic; it came from above as an external imperative. As on the previous occasion of legislating for the city government of Calcutta in 1950-51, this time also it is the state government's thought process which, as modified by certain strong influences, has been reflected in these two municipal legislations.

A novel feature of these two legislations has been the supersession clauses. Supersession of city government on grounds of incompetence, persistent default in performing duties, exceeding or abusing powers by the corporation has been provided for a period not exceeding twelve months, and by no means, beyond eighteen months. The grounds of supersession have to be stated in the relevant government order and published in the official gazette. The corporation concerned has to be given prior notice and some time is to be allowed for submitting representation by the corporation for consideration of the state government. In the Howrah Act, there is provision also for partial supersession in respect of functions to be specified in the government order; no such provision has been included in the Calcutta Act. But two significant differences can be noticed between the two legislations

in this respect. Being the premier city and having its own political importance, Calcutta was considered more important than Howrah. The latter is on transition from its status of a municipality to that of a corporation. Hence the supersession clause in the Calcutta Act has been made more elaborate by providing for the scope of natural justice. Under the Calcutta Act the state government has to constitute a committee of not more than five persons nominated by the state government for considering the representation made by the corporation. The Howrah Act does not contain any such provision. Secondly, the Calcutta Act provides for straightway supersession in case the corporation is rendered unable to function owing to the Mayor having lost his majority support in the Corporation; but there is no such provision in the Howrah Act. The state government apparently seems to have taken the view that it would be politically risky to allow political instability to go on in the capital city of the state.

#### New Features

Compared with Calcutta Municipal Act of 1951, the new Calcutta Act (1980) has a few unique features: for example, (a) tax relief, such as, lowering of consolidated tax rates for low-value properties having annual retable value of less than Rs. 7000/-, rebates for timely payment of tax, rebates for owner-occupiers on a sliding scale, and rebates for newly-constructed residential buildings for the first three years; (b) compulsory provision of footpaths and categorisation of streets for better maintenance and traffic circulation; (c) rationalisation of building bye-laws emphasising their hierarchical relationships with the planning laws; (d) provision for statutory codes to cover all matters of procedure in the administration of civic

functions; (e) reforms in the municipal tribunals for assessment and building construction; and (f) provision for consultative committees to advise the Mayor-in-Council in the discharge of its functions.

Not all these features are included in the Howarth Act which appears less ambitious and less innovating in these respects.

Both the legislations provide for the splitting of the Municipal Fund into several functional accounts and a general account. Presumably this reform was deemed necessary as a result of the proposed abolition of the statutory standing committees, and also because of a desire to ensure a minimum amount of municipal budgetary allocation for functions receiving specific purpose grants.

Important differences between the two legislations can be noticed in their approaches to municipal functional domain and the rate structure of property taxation. In respect of the first aspect, the model of listing municipal functions separately as "obligatory" and "discretionary", as found in the Act of Municipal Corporation of Greater Bombay, has been preferred in the Calcutta Act. In the Howarth Act, there is no such separate listing of functions, but it is provided that the Corporation has to perform certain basic functions. It is known that the non-official expert on the drafting committee for the Calcutta bill, who belongs to a big commercial house, succeeded in persuading the drafting committee that compulsory municipal attention was to be given more to the environmental and property-related functions like roads, conservancy and building regulations than to person-related functions like education and health. In the case of Howarth bill, this influence

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was absent. The closeness of this non-official expert to the Minister caused dissatisfaction even among some prominent MLAs belonging to the Minister's own party. More than once they made no secret of their disapproval of the Minister's lending his willing ears to this non-official expert who had close connexion with the business world.

However, the most glaring difference between the two legislations is noticed in regard to property taxation, which calls for a little elaboration.

#### Base of Property Taxation

The Calcutta Act (1980) contains provisions designed to remove some of the infirmities of the base of the property tax arising from judicial rulings bearing on assessment of rental value for municipal taxation. For instance, sec. 184 provides that the consolidated rate on lands and building shall be primarily leviable

- (i) if land or buildin is let, upon the lessor;
- (ii) if land or buildin is sublet, upon the superior lessor;
- (iii)if land or buildin is not let out, upon the persons in whom the right to let out vests.

The intention underlying the detailed stipulations contained in sec. 184 seems to enable the Corporation to assess the rateable value of a property and not just what the landlord is getting. It remains doubtful, however, whether this intention will be achieved since the basis for determination of annual value laid down in sec. 169 follows the existing principle. That is to say, the annual value shall be

7. Abhijit Datta, "Municipal Reform in India: Lessons from West Bengal" (mimeo), Paper presented at the National Seminar on Status of Municipal Government, IIPA, New Delhi, July 1983.

deemed to be the gross annual rent at which the property might at the time of assessment be reasonably expected to be let out from year to year, less an allowance of 10 per cent for the cost of repairs and other expenses to maintain it. The same position is maintained in the Bengal Municipal Act even after the recent (1980) <sup>8</sup> the amendments.

The annual value contemplated in the Howrah Act (1980) is also based on the concept of reasonable letting value in so far as properties intended for letting are concerned (sec. 89), with the difference that the Howrah Act makes it clear that "reasonable rent" in this context shall be taken as at the time of assessment. But in view of the Supreme Court judgement in Dewan Daulat Ram Kapoor vs New Delhi Municipal Committee case (1980), "reasonable rent" must be determined according to the standards laid down in the rent control laws. Thus the legal constraints encountered in revising the assessments to bring them in alignment with prevailing levels of rent remain operative.

The Calcutta Act (1980) provides for some measures for reforming the basis of assessment of owner-occupier dwellings by permitting some deductions or rebates on properties whose gross rent does not exceed Rs. 18,000/-. But there is no such provision in the Howrah Act (1980) or Bengal Municipal (Amendment) Act (1980). The Howrah Act contemplates the assessment of the owner-occupied buildings on the basis of the present value of the buildings plus the present value of land. This provision is likely to promote optimum use of urban space and reduce waste of space in urban areas, but the rate of return to be imputed on the value of land and building fixed at 5 percent seems rather low. It

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8. Section 128(1) of Bengal Municipal Act 1932, read along with section 57(1) of the Bengal Municipal (Amendment) Act, 1980.

would have been ideal if this rate could be raised further and concessions allowed on the line of the Calcutta Act.

#### Rate Structure of Property Taxation

Under the Act of 1951 the Calcutta Corporation used to levy consolidated rate (property tax) on the annual valuation of land and building on a graduated scale at the following rates:

- (i) upto Rs. 1000/- 15 percent
- (ii) between Rs. 1001/- and Rs. 3000/- 18 percent
- (iii) between Rs. 3001/- and Rs. 12000/- 22 percent
- (iv) between Rs. 12001/- and Rs. 15000/- 33 percent
- (v) exceeding Rs. 15000/- 33 percent

In bustees where no improvement had been made by CMDA, the consolidated rate was levied @ 15 percent if annual valuation did not exceed Rs. 1000/- and @ 18 percent if it exceeded Rs. 1000/-. Properties in the bustees improved by CMDA were taxed at the same rate as properties not located in bustees.

In order that progressivity does not lead to distortions, it is necessary to see that the rates are framed in such a manner that the incidence does not go up too sharply at any particular point. This is the drawback of the steps system followed under the Calcutta Act of 1951. To mitigate this effect the new Calcutta Act (1980) seeks to replace the existing rate structure by what is described as "the straight line method" whereby the rate of tax goes on increasing continuously all along the line from 11 percent to 40 percent. The consolidated rate is to be imposed @ 11 percent of annual value if it does not exceed Rs. 600/-. Where the annual valuation is between Rs.

60/- and Rs. 1800/-, the rate will be at such percentage of the annual valuation as is worked out by dividing the annual value by 600 and adding 10 to the quotient, the sum thus worked out being rounded off to the nearest first place of decimal. Where the annual value exceeds Rs. 1800/-, the consolidated rate is to be imposed @ 40 percent of the annual value. Under this new Act there is a provision to grant a rebate of 25 percent of consolidated rate to the newly constructed buildings used for residential purposes for three years.

The new Calcutta Act authorises the Mayor-in-Council to exempt any land or building whose annual valuation does not exceed Rs. 300/-, if the taxpayer does not own or occupy more than one piece of land or building the aggregate value of which exceeds Rs. 300/-.

Bustees are to be taxed @ 15 percent, and the bustees improved under the West Bengal Slum Areas (Improvement and Clearance) Act 1972 are to be taxed @ 18 percent.

There is also the provision for the levy of a commercial surcharge on lands and buildings used wholly or partly for commercial or non-residential purposes. It may be noted here that Calcutta Corporation's earlier attempt in 1976 to levy commercial surcharge was frustrated by a Division Bench of the Calcutta High Court, and this judgement is now under appeal to the Supreme Court.

The Calcutta Act of 1951 specified the shares of water rate, sewerage rate and lighting rate. The practice of charging the property tax under separate heads like water rate, lighting rate, sewerage rate, etc derives its rationale from the view that the local rates are

essentially a price for services provided by local authorities. This view can be sustained provided the tax is charged on the basis of cost of providing each service and no attempt is made either to subsidise any section of the beneficiaries of such services or to cross-subsidise one service by the surplus from another. If, on the other hand, the property tax is viewed as a tax based on the ability to pay, there may not be much point in charging the tax under separate heads. A consolidated rate is administratively simpler and admits of graduation. The new Calcutta Act (1980), however, does not specify the shares of water rate, sewerage rate, and lighting rate, and treats the property tax as consolidated. But there seems to be a case for separate servicewise allocation; because it may be useful to have some accounting for the receipts from charges for providing services like water and sewerage so that the amount to be charged can be determined, if full cost is to be recovered, even though not from all taxpayers but the relatively affluent sections. It would also make it possible to quantify the cost of subsidising any particular section of the community.

While the 'straight-line system' undoubtedly avoids the very sharp rise at the corners of the steps of the existing rate structure, it may be noted that the 'straight line' method is also essentially in the nature of a step system, because an increase in the annual valuation leads to an increase in the rate of tax applicable to the entire span of the annual value and thus it can give rise to a sharp increase in the marginal rates of tax at different points, though of course the increases will not be as sharp as under the steps system. The point has been illustrated in the NIPFP study (1982):

"For instance, with the straight line formula proposed..., the tax on an annual value of Rs. 12,000/- will be payable at the rate of 30 percent ( $10+12,000/600$ ) which comes to Rs. 3,600 whereas with an annual value of Rs. 12,300 the tax is payable at the rate of 30.5 percent ( $10+12300/600$ ) which works out to Rs. 3,751.50 There is thus an increase of Rs. 151.50 in the tax burden for an increase of Rs. 300 in the annual valuation, which means a marginal rate of 50.5 percent. It is also to be noted that the degree of progression...will be only slightly higher under the formula proposed.. than in the existing structure, although both would appear to be progressive, if a slope of more than 1 is taken as indication of progressivity."

With the step system, the rise in the marginal rates at the corners is rather sharp. But it has the merit of keeping the marginal rate constant over the length of each step. Also, it is simpler to calculate. On the other hand, because of the sharp changes at the corners and resulting distortions in choices, the step system is generally not followed in the case of progressive taxation. The big jumps in the incidence and high marginal incidence at the turning points create a tendency to keep within a given step at any cost and thus puts a premium on dishonesty. The jumps may be moderated if the steps are made shorter.

The rate structure proposed in the Howrah Act (1980) and the Bengal Municipal (Amendment) Act 1980 contemplates steps in place of proportional rates so long prevalent. The rates proposed in the Howrah

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9. Government of West Bengal, Report of the Municipal Finance Commission, Supplementary vol. II, Calcutta, 1982, p.150.

Act varies from 10 percent on holdings with annual value not exceeding Rs. 500/- to 40 percent where the annual value exceeds Rs. 25000/-.

The Bengal Municipal (Amendment) Act, 1980, authorises municipalities to levy property tax at rates varying from 10 percent where the annual valuation does not exceed Rs. 200/- to 40 percent where the annual valuation exceeds Rs. 2,000/-. Holdings having valuation up to Rs. 100/- have been exempted from property taxation both in the cases of Howrah Corporation as well as the district municipalities. The rate on holdings and other service charges which were levied separately earlier have not been amalgamated into a consolidated rate as in the Calcutta Act.

Whereas in the Calcutta legislation the step system has been done away with, it has been introduced in Howrah Corporation and the district municipalities. The reason behind such apparent inconsistency in the approach seems to lie in the Minister's belated realisation that the total tax revenue of Calcutta Corporation is likely to go down under the straight line system. A section of the bureaucracy in the Department of LG & UD succeeded in convincing the Minister that Howrah, proposed to be made a corporation, had long been accustomed to the valuation system followed by the district municipalities. Moreover, valuation of properties within Howrah corporation and the district municipalities is not evenly spread, and hence there seems to be no justification for applying the straight line system of property valuation and assessment in Howrah corporation and other district municipalities. This appears to be the reason behind the inconsistent approaches to the rate structure of property taxation in the new legislations for municipal corporations.

In West Bengal there had been wide variation as between rates of taxation among municipalities and, compared to Calcutta, property-holders in the lower annual valuation brackets in several municipalities used to be subjected to taxation at a higher rate than owners of properties of the same annual valuation in Calcutta, because the rates in Calcutta were graduated, whereas the rates in the municipalities had been flat.<sup>10</sup> The introduction of graduation in the rates of property tax would now remove such disparities in the burden of tax on holdings of equal annual valuation in Calcutta and the municipalities.

It is hardly necessary to underline the importance of having adequate and modern municipal legislations for making municipal management structure both responsible and responsive to the people. When the new legislations for the two big municipal corporations would come into force, these legislations are expected to help increase the role of the local urban leadership and expand the scope of public participation in the task of urban planning and development. It becomes therefore necessary to see how far the recent reform measures in West Bengal have sought to increase the involvement of municipal bodies in the task of urban planning and development.

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10. R.M. Kapoor, "Municipal Property Taxation Reform: A Case Study of West Bengal", Nagarlok, July-Sept., 1980.



## CHAPTER - 3

### NEW POLICIES

The new policy initiatives of the municipal reformers in West Bengal can be noticed in three distinct aspects, namely, (a) the involvement of municipal bodies in urban planning and development, (b) the revised formula for disbursing grants to municipal bodies, and (c) the new pattern of municipal staffing.

#### MUNICIPAL INVOLVEMENT IN URBAN PLANNING AND DEVELOPMENT

Urban development programme consists, in essence, of converting a set of planning concepts into a bunch of construction projects and implementing the same in accordance with some time-bound programmes. The municipal bodies in West Bengal, till very recently, had little role to play in development programmes implemented in their own areas. Most of them remained superseded for most of the time and even the surviving elected municipal boards used to be never consulted by the state government and other urban development agencies in matters of planning and development of their areas. When the Left Front government thought of introducing new legislations for municipal corporations and amending the existing municipal legislation, simultaneously it had taken the policy decision of reviving the elected boards in all municipalities throughout the state. Immediately after coming to power in the middle of 1977, the Left Front government restored the municipal boards and later (1981) held elections in as many as 87 municipalities, although the municipal bodies for Calcutta and Howrah continued to remain

superseded owing to a variety of reasons, legal as well as political. With the assertion of faith in elected local leadership in municipalities has come the demand for investing the municipalities with the responsibility for planning and development of urban areas. A new planning legislation and the enunciation of 'policy' for urban development, with consequent changes in the strategies of urban planning and development, constitute an important feature of the story of municipal reforms in West Bengal. A brief discussion on the evolution of planning for Calcutta metropolitan district is called for at this stage for analysing and identifying the stages through which the idea of municipal involvement in urban planning and development has evolved in West Bengal.

#### Planning for Calcutta Metropolitan District

The beginnings of urban development programmes in Bengal can be traced back to the establishment of Calcutta Improvement Trust in 1911, but Bengal had no planning legislation on the lines of Bombay Town Planning Act (1915) or Madras Town Planning Act (1920). The idea of planning the development of Calcutta and its built-up conurbation came much later. Till 1961 the sprawling urban agglomeration on both banks of the river Hooghly was not thought of as an integrated area for planning and development. In fact, no urgency was felt till the early 1940s because Calcutta's industrial growth and diversification till then could keep pace with its population growth. As a result of the second world war and the partition of Bengal at the time of India's independence, this premier metropolis of the East lost its rich agricultural hinterland and an unprecedented influx of about 2 million refugees from East Pakistan (now Bangladesh) had to be accommodated.

within and around Calcutta metropolitan area. Later a Ford Foundation team, which studied the ills of Calcutta and its suburbs at the invitation of the Government of West Bengal in 1959, recommended the setting up of an expert body for planning the development of the metropolis. An area of about 1350 sq.km. spread over both the banks of the river Hooghly was defined, for the first time, as Calcutta Metropolitan District (CMD) and a special planning organisation, called Calcutta Metropolitan Planning Organisation (CMPO), was set up in 1961 within the structure of the state government. Thirty-six municipalities, Calcutta corporation and some pockets of non-municipal area are included in the CMD whose population has increased from 6.72 million in 1961 to 8.33 million in 1971 and 10.2 million in 1981. Even the most conservative projection puts the CMD's population at about 14 million in another twenty years.

#### Beginning of Urban Planning: CMPO

CMPO was created as a specialised body comprising some 600 Indian and 50 Ford Foundation experts.<sup>1</sup> CMPO carried on planning for the metropolis without much caring for whether necessary investible funds would be available or not. Finally, it produced in 1966 the Basic Development Plan (BDP) for Calcutta metropolis. The CMPO subsequently prepared two sectoral plans: The Master Plan for Water Supply, Sewerage

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1. These experts belonged to various disciplines like economics, statistics, engineering, architecture, town planning, sociology, geography, demography, and public administration. Some of the best brains in urban planning, available in India and abroad, were brought together.
  2. Government of West Bengal, The Basic Development Plan for the Calcutta Metropolitan District, 1966-86, CMPO, Calcutta, 1966.

and Drainage, and the Traffic and Transportation Plan. All its planning exercises were based on projected needs of the metropolis over a period of twenty-years and on its assumption of certain levels of services.

#### Basic Development Plan (1966)

The Basic Development Plan (BDP) was, in many respects, the result of a unique planning exercise whose objectives were not defined by the conventional Master Plan ideas. It went beyond the narrow limitations of an once-for-all physical plan.<sup>3</sup> As a document of metropolitan planning, the BDP did not contain conventional land-use control map and recommendations for zoning regulations and green belt and so forth. Coming within only five years of the publication of the Delhi Master Plan (1961), which was based on land-use control, the BDP was ignored by the world of professional town-planners in India. Breaking away from the narrow and rather primitive concept of a land-use plan and adopting an approach in favour of a development policy plan, it however received international commendation as a pioneer in giving "a new definition of a metropolitan plan".<sup>4</sup>

The BDP brought into sharp focus with impressive details the various deficiencies in the metropolitan infrastructure and called for an urgent, planned programme of action on a wide front to arrest further

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3. The BDP had the following objective given to itself: "To promote a more dynamic growth of the metropolitan economy with increased production and income, with efficient employment opportunities, and with close integration with the economic development of the region for which Calcutta provides vital economic functions."
  4. William Wheaton, the leader of the International Panel of Experts on the BDP, quoted in Kalyan Eiswas, "Evolution and Implementation of the IUDP Scheme: A Policy Review," Nagarloka, XV(2), April-June 1983.

deterioration. Essentially it provided only a broad framework within which detailed functional planning could be undertaken. It also tried to introduce the legal-administrative-fiscal implications of physical planning proposals, as well as the socio-economic aspects of plan formulation and implementation. It was a combination of a twenty-years perspective plan and also a five year programme of action representing, in concrete terms, the first phase of the long-range exercise. It concluded with a specific set of recommendations for immediate action in basic and minimum civic services like water supply, sewerage and drainage, traffic and transportation, slum improvement, health facilities, primary education, and so forth. The RDP had primarily thought of a statutory Calcutta Metropolitan Planning Authority acting through two-tier statutory planning bodies as also area-wise (East-bank, West-bank) planning and development bodies. This was not found acceptable.

The RDP could not, however, be made a satisfying plan for metropolitan development because of political, legal, administrative, and fiscal uncertainties of the sixties in West Bengal. The period between 1966 and 1970 saw two unstable coalition governments of the leftist parties and two spells of Presidential Rule: hence practically nothing of either planning or development could be achieved during this period. Political violence overtook the whole of the state, and especially Calcutta city was almost going up in flames because of Naxalite violence and police reactions to it.

### Birth of CMDA(1970)

When in 1970 the Union Government accepted the view that a bigger push to the development of Calcutta metropolis would be needed to tackle urban violence born of deprivation and frustration, the outcome was the establishment of a statutory body of the state government, called Calcutta Metropolitan Development Authority (CMDA). With the Chief Minister as the chairman and another cabinet minister as the vice-chairman of the authority, its organisational hierarchy is headed by the Chief Executive Officer who usually comes from IAS. The connection of the concerned municipal bodies in the area with CMDA was extremely tenuous indeed: only two representatives from the municipalities and one from Calcutta Corporation were to be its members. But all effective powers of planning as well as implementing development projects were concentrated, in practice, in the hands of the bureaucrats, planners and engineers.

The CMDA began functioning from October 1970 for undertaking massive urban development programme to "stem the rot" in this problem - ridden metropolis of the East. The details of financing Calcutta metropolitan development to the tune of Rs. 150 crores during the Fourth Plan (1969-74) were settled through a series of discussions between the Union government and the state government. Two top civil servants - B. Sivarsman, then Cabinet Secretary at the centre and P.E. Ghosh, then Principal Advisor to the Governor of the state under President's Rule, played leading role in inaugurating this new phase of metropolitan planning and development in Calcutta. This was for the first time that the national government joined hands with the state government in financing development of a metropolitan city; later financial assistance

from international sources like World Bank was also available for  
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Calcutta.

CMPO had been tirelessly engaged in planning work since 1961, yet the first function indentified in the CMDA's legislation was the  
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formulation of plans for metropolitan development . In the initial period CMDA was required to show some impact on the deteriorating environment of the metropolis as quickly as possible, hence it opted for a multi-sectoral development plan. But it had almost no planning yardstick against which to test its programmes. All that the CMPC could provide was a list of projects mainly in the fields of water supply, sewerage and drainage, and of traffic and transportation.

#### Dual Planning Authority

For sometime in the mid-1970s there was, in practice, a dual authority in metropolitan planning. Both CMPO and CMDA claimed planning

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5. This model of financing metropolitan development was later accepted for Bombay and Madras also.
  6. The following tasks were envisaged for CMDA:
    - i) programming and allocation, supervision and coordination, and evaluation of development works;
    - ii) financial planning and accounting;
    - iii) execution and coordination in specialised areas where the tasks may be new and organisational structures are not yet clear;
    - iv) communication and public information;
    - v) legal services and internal administration.

The first two tasks certainly represent planning activities. And in the more conventional sense of "planning" as a physical design, the CMDA's bustee improvement and low-cost housing projects would also involve planning.

prerogative. This duality in metropolitan planning was personalised, to some extent, by the two ministers of the then Congress ministry headed by S.S. Ray - one in charge of metropolitan development, housing and public working, and the other in charge of development and municipal services. The power of metropolitan planning was claimed by the former for CMDA and by the latter for CMPO. This difference of opinion at the ministers' level was, in fact, an external revelation of the departmental tensions going on, at that time, between CMPO and CMDA.

If the assigned tasks mentioned in the Government Resolution for CMPO and in the Act of the CMDA are analysed, it is found that there should not have been any such tension over power of metropolitan planning. CPMO's primary concern was considered to be basically three: (a) advance or long-range planning; (b) spatial planning or planning for spatial integration of plan for achieving planned objectives and targets; and (c) conceptual planning or generating planning ideas and strategies without taking into account the immediate political facts of life. On the other hand, CMDA could concern itself with (a) short-range planning, (b) individual project planning, and (c) immediate pragmatic planning. Some amount of tension between conceptual planner and pragmatic planner would always be there and that too would be good for development.

CMDA was primarily designed as an executing agency, and as such it had to do a certain amount of its own planning. It also felt the necessity of revising the plans as and when necessary, and sometimes complained of a "planning gap".

7. Kalyan Biswas, "Relating Metropolitan Planning to Development: The Case of CMPO and CMDA", Management in Government (Quarterly Journal of the Department of Personnel and Administrative Reform, Govt. of India, New Delhi), VI(3), Oct.-Dec. 1974.

The phrase "planning gap" could mean that either (i) not much detailed "projectising" had been done for the schemes included in its plans, or (ii) CMDA was not receiving enough schemes for implementation. If there was any "planning gap" in the first sense, it was because of CMPO's larger responsibilities during the mid-70s and consequent inability to do the type of project planning that it had done in the late-60s during the lull period of metropolitan planning. The 'planning gap' became prominent also because of the fact that CMDA had included some notional plans in its programme without undertaking any follow-up activities. In the second sense, a planning gap arose, because some projects or schemes were not necessarily of metropolitan significance or character and these were not interrelated area-wise to produce any impact in a specific area.

The CMDA did, in fact, appoint a number of private consultants to do detailed project planning. It was expected that CMPO would be involved in the process as the final approver of the consultants' detailed plans. A working relationship between CMPO, CMDA, and private consultants would have been in the fitness of the planning process visualised in the CMDA Act which required the approval of metropolitan development plans by the state government. This requirement implied that such approval was technically "planning approval", and not routine "administrative" approval to be given after CMPO had completed its work of scrutiny. But CMPO was not, in fact, involved in any such way, and all activities relating to metropolitan planning and development were brought under the umbrella authority of the CMDA in 1974 perceptibly at the insistence of the World Bank which had come to acquire, by this time, a considerable voice in shaping the strategy of planning and

development of Calcutta metropolis. CMPO, which had begun to disintegrate since 1969, was soon transformed into a technical wing within the Town and Country Planning branch of the Development and Planning Department of the state government, subsequently leading to the formal abolition of its separate entity in 1976. Within the CMDA, a new Directorate of Planning with a Director-General, was established for centralised handling of both perspectives planning and project planning with the help of consultants. The system of handling both perspective planning and project planning by a central planning department of the CMDA with the help of private consultants was found on hindsight to be a mistake. Interaction with the consultants was weak and there were defects in setting terms of reference, payment schedules, monitoring and evaluation of the consultants' work.<sup>8</sup>

#### Development Perspective Plan (1976)

CMDA started functioning in late 1970 with an "infrastructure improvement" programme of the rapidly deteriorating urban environment. Within the framework of the DDP, over 100 different projects were taken up by it in 1971 for execution through a number of engineering directorates of the state government, Calcutta Improvement Trust, Calcutta Corporation, and other municipalities. The role of the municipal bodies in this gigantic task of urban planning and development was thus restricted to execute some projects as formulated and designed by the CMDA. Sometimes the CMDA would execute the scheme and ask the municipalities to reimburse the expenses.

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8. M. Unny, "Can Calcutta Survive?", The Telegraph (Calcutta), 2 December, 1992.

CMDA also took up the task of metropolitan planning in 1974-75.

The characteristics of CMDA's planning efforts were mainly four:

- (a) planning for development in multiple municipal jurisdiction;
- (b) planning in municipal functional areas from outside municipal structure, although CMDA was not a local authority;
- (c) planning for both urban service facilities (e.g. water supply, drainage etc) and civic amenities (e.g. health, education etc) at a really high level by any standard;
- (d) planning of expenditures for urban development, including pure and simple municipal services, being financed by state government and central government (later by the World Bank and other foreign governments also).

CMDA found at this stage that the metropolitan structure visualised in the RDP in 1966 needed revision. It was also realised that its initial programme of infrastructure development needed to be duly matched by programme for providing basic settlement facilities, employment opportunities and other community facilities. The need of evolving a new strategy for a more dynamic programme was felt and it was also appreciated that annual investment programmes were an unsatisfactory method for effective development. Hence the Development Perspective Plan (DPP) for the four-year period from 1976-77 to 1979-80 was adopted as a part of an overall long-term perspective.<sup>9</sup>

The DPP aimed at fulfilling certain economic and social objectives which were deemed appropriate in the context of development realities.<sup>10</sup>

These objectives included:

- (1) to promote and stimulate economic activities in the metropolitan area by creating facilities for employment and economic development in the urban and rural areas of CMD and the region at large;

9. Govt. of West Bengal (CMDA), Calcutta Metropolitan District: Development Perspective and Investment Plan, June 1976.

10. Ibid. Para 3.1

- (2) to serve the needs of aspiration of the people, particularly the urban poor, by providing basic settlement and basic community facilities within an overall socio-economic development frame;
- (3) to provide a flexible frame of urban development where investment over time, both by private and public bodies, will enable a desired pattern of human settlement and employment space to emerge;
- (4) to develop an integrated, efficient and balanced transportation system with emphasis on mass transit facilities by creating an appropriate circulation network consistent with the overall development frame;
- (5) to provide adequate infrastructural facilities to support and sustain future development by arresting further deterioration and creating new facilities of appropriate standards with particular emphasis on providing metropolitan approach to certain kinds of infrastructural facilities;
- (6) to improve the quality of metropolitan living by creating a desirable urban environment to sustain the future growth;
- (7) to encourage the improvement of metropolitan functions through a better organised institutional and financial framework.

The DPP made comparative assessments of four alternative strategies of metropolitan development, viz.

- (a) developing one strong centre around the existing central business district (CBD);
- (b) developing two centres (Calcutta city and Howrah city) as suggested in the EDP (1966);
- (c) developing multiple centres of distributing facilities and employment opportunities within CMD;
- (d) developing altogether new centre or urban corridor by-passing the existing urban concentration.

Finally, it opted for the third strategy of developing poly-nodal centres as the most appropriate one. This strategy of metropolitan planning visualised some major self-contained nodal centres, each having a population between three to five lakh, as the basic units of metropolitan structure. There would be employment infrastructure in the tertiary as well as secondary sector in the central areas and industrial

areas respectively, although the population of one urban centre was not anticipated to be contained with employment opportunities in that urban centre only. It was rather assumed that there would be considerable movement between settlements and work places due to various factors of industrial location, commercial specialisation, and prevalence of the extended family system among the people. The overall metropolitan structure was conceived as a self-generating cell body of the metropolitan organism. The basic nucleus of the cell structure would be the settlements around major community facilities, and each of twenty-six such cell structures proposed would be provided with a major urban centre. Provision was also made for adequate number of subcentres depending on size and land-use importance. The major urban centres would have a hierarchy in order and be conceived in two categories, viz. business centres and district centres.

The DPP contained on provision for consultation with the municipalities of the area in matters of identifying these urban centres or sub-centres for the purpose of metropolitan planning and development. During this period the majority of the municipalities, including Calcutta Corporation, remained superseded and these municipal bodies seemed to have been considered as expendable institutions in the process of urban planning and development.

#### Changed Approach

As a planning technique, any development perspective and investment plan needs revision on a continuing basis. The need for having a fresh look at metropolitan planning and development strategy for Calcutta was felt soon with a number of significant changes taking place since the

adoption of the DPP in 1976. The Left Front ministry replaced the Congress ministry in June 1977. The industrial policy, and the attitude of the new state government towards rural and urban development underwent some changes. The new panchayats with larger role in the rural development process were established in 1978, and similar role for the urban local government institutions in urban development was also visualised. New municipal laws were made in 1980, and certain institutional innovations in urban management took place. An experts' committee was appointed in the middle of 1980 to formulate the state's "policy" of urban development. Elected bodies came to control 87 municipalities. Above all, a significant step was taken in 1979 with the enactment of a comprehensive legislation on town and country planning.

#### Legislation on Comprehensive Planning(1979)

The need for comprehensive planning had been felt in West Bengal as early as 1961-62 when a commission constituted under the chairmanship of Shri Saibal Gupta, an ICS officer, made an elaborate report (1962) on various aspects of town and country planning in the state. This commission stressed the need for necessary legislation, but did not itself work out the details of any such legislation because of shortage of time and resources. In the meantime, CMPO was set up in 1961, which produced a development plan (RDP) in December 1966.

In the EDP's time-chart for action programmes a comprehensive planning legislation for the state as a whole was to be enacted in 1966-67 as a first step of metropolitan planning and a metropolitan planning authority was to be set up under it. CMPO had, in fact, prepared the

first draft of the urban and regional planning law in the mid-1960s, but action on it was delayed by a combination of governmental instability, political unrest, economic recession and, later on, disagreement at the ministers' level on the institutional location of the authority to plan. The first Left Front government, especially the Minister in charge of finance, planning and development, took the initiative in 1977-78. He is known to have received full cooperation and enthusiastic support from a few top civil servants, especially the secretary in charge of the Town & Country Planning Department, who was then also looking after metropolitan development. The West Bengal Town and Country (Planning and Development) Act was finally passed by the state legislature in June 1979. It took fourteen years for the draft bill made in 1965-66 to be enacted in 1979-80. It took another three years for the State Government to notify the Act in CMD in January 1982. This Act (1979) provides for the constitution of "planning areas" as notified under it. A separate chapter in the Act (chapter IV) makes special provision for CMDA on the lines of the CMDA Act (1972) which has been repealed along with Durgapur Development Act (1958) and Calcutta Metropolitan Planning Area (Use and Development of Land) Control Act (1965), by this Planning Act of 1979.

Under the Act of 1979, Calcutta metropolitan district has been declared as a "planning area" and CMDA as the "planning authority". With effect from 16th January 1982 CMDA assumed formal town planning powers within CMDA. Under sections 28 and 29, CMDA as a planning and

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11. The schedule to the Act (1979) also provides for the supersession of Calcutta and Howrah Improvement Trusts (CIT, HIT), and Calcutta Metropolitan Water Supply and Sanitation Authority (CMWSA), and vesting all their functions and powers, assets and liabilities in CMDA. Recently (February 1984) the Cabinet Sub-committee on administrative reforms has decided to integrate CIT, HIT and CMWSA with the CMDA.

development authority has been required to prepare a Land-use Map and Land Register indicating the existing uses of land and finalise them after inviting and hearing objections. An "Outline Development Plan" has to be prepared within two years, and a "Detailed Development Plan" 12 within three to five years of the declaration of planning area. The 'Outline Development Plan' would be finalised after receiving approval of the state government, and then notified by the planning/development authority for public objections. The plan, after undergoing necessary and suitable changes in the light of public objections, would need further approval of the state government. For the present, CMDA has been entrusted with land use planning and preparation of development plans for the whole of CMD. The consequent powers and responsibilities of exercising control over land-uses and regulating development activities has also been vested in CMDA.

Actual implementation of development plans has been assigned by the Planning Act (1979) to "development authorities" which may, under section 57, prepare "development schemes" for implementing the proposal contained in the "Development Plan". Recently (1982), by an administrative order of the state government, some of the powers of the CMDA as a development authority have been delegated to the municipal bodies. The municipal bodies can now sanction normal building applications. But permission for construction of big buildings of industrial units, commercial development, multi-storeyed structures exceeding 18 metres in height, encroachments on highways and development of plots exceeding 500 sq meteres or division of land-holdings over 750

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12. The meanings and contents of "Outline Development Plan" and "Detailed Development Plan" are given in Chapter VI of the Act (1979), sections 31 and 32.

similarities would have to be sought from the CMDA. The Act (1979) also provides for "development charges" to be levied and collected by the grass-roots representative bodies.

#### Urban Development Policy

Up till the late 1970s West Bengal had no urban development policy, even though urban development programmes had been carried out by different government agencies since independence. It is possible to read the priorities in urban development from budgetary allocations but these allocations are mostly made on the basis of some ad hoc programmes of urban development or some kind of political pressures in favour of particular development programmes. The Left Front government appreciated the need for a state-level urban development policy, because such a policy appeared necessary for economic and social development of the state as a whole. It is true that the high cost of most of the planning solutions relative to the limited financial potential may often appear forbidding, but it is equally true that the long-range economic and social cost of not planning would be much greater. This realisation might have been the most immediate rationale for formulating an urban development policy in West Bengal in recent times.

The state government had no existing guidelines on urban development policy, even at the national level, except those given in very general terms in the Five Year Plan documents. A large number of government departments or agencies are involved in urban development and there is no coordinating department in the effective sense of the term.

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13. The Economic Times, 14 August 1982.

Moreover, financing of all conceivable programmes of urban development seems to be an ascertained mechanism. Related to this are the problems of project identification, project preparation and project implementation.

The State government appointed in July 1980 a committee for formulating its strategy of urban development with the Minister-in-charge of local government and urban development as its chairman. The Planning Adviser to the state government, who had joined his post as a nominee of the Left Front government, was given charge of this strategy committee. He was assisted by two other experts nominated by the state government. The senior members of the state bureaucracy who were technically associated with this committee are known to have been effectively shut out from critically examining the views expressed by these experts, nominated by the government.

The committee was given the following terms of reference:

- (a) To suggest means to coordinate activities of different agencies and government departments involved in the work of urban development in the state;
- (b) To formulate a strategy for urban development in West Bengal taking into account potential population growth centres;
- (c) To recommend the criteria for allocating resources between the different urban areas, including Calcutta;
- (d) To devise measures for setting up a decentralised system for urban development in the state;
- (e) To review the provisions of the West Bengal Town and Country Planning Act (1979) insofar as they impinge on the problems of integrated urban development; and
- (f) To consider any other matters relevant in this connexion.

The Committee held half a dozen meeting during 1980-82 and formulated a policy guideline for urban development in the state. The Committee also provided guidelines to the CMDA in formulating the

schemes under the third phase of Calcutta Urban Development Project (CUDP-III) to be executed with the financial assistance of the World Bank. The main points of this policy strategy were as follows:

- (i) Development of Calcutta alone would be self-defeating if other towns fail to hold back population on account of lack of urban facilities;
- (ii) So far, the per capita development expenditure in Calcutta and Howrah had been disproportionately high (Rs.61.54) as compared with per capita expenditure for other towns in the CMD area (Rs. 19.88) and in non-CMD areas (Rs. 0.87) in 1976-77;
- (iii) The general policy would be to slow down as far as possible the rate of growth of expenditure in Calcutta and step up expenditure for other towns;
- (iv) While planning development schemes, priority would be given to those schemes which improve the most backward areas, especially in regard to supply of drinking water, drainage, sanitation, and roads;
- (v) In construction activities locally available materials should be used as much as possible and the technology should be labour-intensive;
- (vi) Municipal bodies would be given more powers and strengthened organisationally by sending engineers and accounts officers to serve the municipalities;
- (vii) Citizen's committees at the ward or mahalla level should be formed in order to involve local people in development work.

During 1980-81 it appeared that the perspective plan for CMD adopted in 1976 needed revision, especially with reference to about a decade's experience of metropolitan development and urban planning, and the state government's new urban development policy. CMDA now felt the need "to put the periscope into the future, review the metropolitan

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14. For the full statement of the Urban Development Policy, see Government of West Bengal, Deptt. of Local Government and Urban Development, A Hand Book on Municipal Administration, Calcutta, 1982.

perspective once more and obtain a new look on the economic development  
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and urbanising process in the metropolis".

#### Revised Perspective Plan (1981)

In revising the development perspective, CMDA's Revised Perspective Plan (RPP), has recognised three distinct but interrelated levels of development planning:

- (a) perspective level for painting the future metropolis on a broad canvas and indicating preferred metropolitan structure;
- (b) long-term level for indicating different sectoral plans within the framework of the preferred structure of the perspective plan; and
- (c) immediate action programme level for formulation of short-term schemes, project reports, working plans etc. The planning task would, of course, be an interactive one and involve feed-backs from one level to the other.

The RPP (1981) emphasises the need of adopting a technology which would create maximum employment opportunities and output per unit of capital invested. Moreover, for the first time, this document on metropolitan planning has recognised the need of public participation in the preparation as well as implementation of development plans on the grounds that voluntary participation by the people would minimise the cost of plan implementation and create an environment which would ensure the quickest attainment of the goals and objectives of urban planning on development.

CMDA's current planning exercise on its Perspective Plan (1982-2001) is based on what may be called incremental process of planning.

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15. CMDA, Directorate of Planning and Development, Perspective Plan and Action Programme for the Calcutta Metropolitan District (Report 128), Vol. 1, Nov. 1981, Introduction Chapter.

That is, planned developments are to take place from periphery to the centre. Conforming to the urban development strategy adopted by the state government, this plan proposes to decentralise the activity centres within CMD. Apart from the core city area of Calcutta, the plan visualises eighteen sub-planning urban centres within CMD where planning emphasis would be on land-use control and management of circulation system (i.e. transportation through roads, bridges, rail, ferry traffic etc.). Planning for urban development is sought to be made on realistic grounds and in cooperation with the people's representatives at the municipal level.

#### Larger Municipal Involvement

As a part of the revised perspective plan, the third phase of Calcutta Urban Development Project (CUDP-III) for the period 1983-84 to 1987-88 has been finalised by CMDA after prolonged discussions with the World Bank, on the one hand, and different departments of the state governments and planning bodies, on the other hand.<sup>16</sup> The CUDP-III has two parts: metro level programmes and local (municipal) level programmes. At the local level, the municipalities are to identify development programmes. But CMDA would identify and implement the transmunicipal projects. CMDA has been invested with powers to advise the municipalities in regard to their planning activities and to help in their implementation of local-level programmes. The whole exercise in metropolitan planning has now been designed in terms of both areal sub-systems and functional (sectoral) sub-systems. Hence coordination

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16. The CUDP started with the active involvement of the World Bank with Calcutta's development since 1973-74. CUDP-I covered the period from 1974-75 to 1977-78 and CUDP-II covered the period from 1978-79 to 1982-83; the latter was based on the DPP (1976).

would be absolutely necessary in metropolitan planning. Therefore, two new units have been recently reorganised and expanded within CMDA: AME (appraisal-monitoring-evaluation) unit, and the MDP (municipal development programme) directorate.

When the RPP (1981) was being finalised by the CMDA, a team of the experts from the World Bank suggested the need to strengthen the central monitoring cell of CMDA for reviewing the progress of the on-going projects, and to set up an evaluation cell for taking note of the impact a project had made on the people, and finding out whether the objectives of a project have been achieved and to what extent. The idea was immediately accepted. At some stage it was planned to set up a strongly-staffed separate Directorate of Appraisal-Monitoring-Evaluation and Socio-Economic Planning (AME & SEP), having direct access to the CMDA's Chief Executive Officer. But the reform could be partially achieved in April 1983 when not a directorate but a separate unit was set up for appraisal, monitoring and evaluation. An experienced administrator having planning expertise felt that if such a unit were there right from the beginning in 1971-72, "many of the implementation errors committed by the CMDA could have been avoided".

The expanded directorate of municipal development programme has started working since February 1983. This wing is staffed by strong

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17. Previously CMDA had a small Monitoring and Information (MI) unit which was created in 1978 at the time of starting the CUDP-II. The unit called Municipal Development Programme was previously tagged with Bustee Improvement Directorate; it has now been made into a full-fledged, separate directorate.
  18. The Statesman, Calcutta, 1 Oct. 1981.
  19. M. Unny, op. cit.

technical personnel for the purpose of helping the municipalities in the tasks of project planning and design drawing as well as materials management. The MDP directorate now functions through five zonal offices so that the municipal functionaries need not travel long distances to contact the CMDA for consultation on programming of development projects and procurement of scarce materials like steel, cement, bitumen etc.

#### General Observation

So far as the general strategy of urban planning visualised in the Planning Act (1979) is concerned, the rationale behind separating the planning functions from developmental functions is not clear. "Planning authority" has been designed as a regulatory agency, whereas "development authority" has been designed as both regulatory as well as executing agency. How this scheme would work remains to be seen.

The Planning Act of 1979 has made CMDA a very powerful body vesting in it both the planning and development functions to ensure proper implementation of metropolitan development plans. The effectiveness with which this function is discharged is an issue awaiting an in-depth study. The municipal bodies have recently been associated with development activities, but planning power remains centralised. This point has to be examined with reference to the concept of 'planning power' which is always a prerogative of the government. CMDA's planning ideas and programmes require approval of the state government. But this approval, under the new scheme of things, would likely to be administrative or sometimes routine, only. The pertinent question is: if CMDA has an integrated character as a

planning unit, why not a popularly elected metropolitan government? The issue seems to remain still wide open. A metro government for CMD can be immediately set up simply by changing the Board of CMDA, or by passing, necessary legislation for reforming local government in Calcutta metropolitan district. The continuing supersession of Calcutta Corporation since 1972 and of other municipal bodies till 1981 had not yielded any permanent result. Officers have been sent in the past from the state government to these local bodies sporadically like "knights on white charger" to pull up the administration of these urban local bodies, but with little improvement (sometimes there has been deterioration) in municipal administration. Lack of competence among the municipal bodies on a variety of counts like finance, personnel and management skill has perhaps been one of the reasons for not entrusting planning as well as development responsibilities with them.

#### Critique of Urban Development Policy

On closer scrutiny it appears, however, that the much-advertised urban development policy contains no elements of urban planning as such. It is no planning for urban development to say that per capita developmet expenditure in non-CMD towns should be increased. Secondly, the most serious weakness of this so-called "policy" appears to be its scholastically defective approach on which it is based. The way statistical calculations of per capita development expenditure were made leaves much to be desired. Moreover, it must be appreciated that not geographical "location", but the "beneficiaries", of development projects should be the criterion to judge who benefits from which investments. For example, projects like Howrah station underpass, Sealdah fly-over, or Barrackpore-Kalyani Express-way certainly cannot be

said to have benefitted the Calcuttans or the inhabitants of the CMD alone. Calcutta is a national city whose productivity is critically important in the national economy. The same cannot obviously be said about other urban areas of West Bengal. Any infrastructural development of urban living in CMD would benefit not only Calcutta city or the metropolitan area but the whole of West Bengal and, for that matter, the entire eastern India. As a matter of fact, in sheer quantitative terms the hinterland population served by Calcutta probably exceeds that of any city in the world. Hence the levels of investment in water supply, sanitation, traffic and transportation, and hospitals need to be higher in Calcutta than in other urban areas of West Bengal. Thirdly, the preference for local materials like lime, mortar, surki, kacha roads, shallow tubewells and the emphasis on low-cost, intermediate technology sound verboise. These methods of development work would not be efficient in the economic sense in the long-run.

The timing and manner of forming the Urban Development Strategy Committee lend credence to the idea that it was set up to rationalise the political decision to distribute the funds available for urban development as what is called "pork-barrel money" among the municipal bodies. Immediately after coming to power, the Left Front ministry had restored the old boards in those municipalities which had been suspended by the Congress ministry, and changed the administrators in superseded municipal bodies. As the state-wide municipal election was then in the

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offing, some immediate development expenditures were deemed necessary. The urgency appeared to be purely on grounds of party political

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20. It was held on 31 May 1981.

consideration. A rough calculation had it that about Rs.6 crores was desired to be distributed among the municipalities before the proposed state-wide municipal election. About Rs.4 crore was actually distributed among the chosen municipalities, even though these bodies were not (perhaps still are not) organisationally well-equipped to implement satisfactorily the development projects assigned to them. The then secretary of the Finance Department is known to have objected to the distribution of development funds in this manner, but he was overruled by the Finance Minister.

The need for a state-level (if not at the national level) urban development policy is indisputable. But certain necessary preconditions should be there to ensure success in the formulation and implementation of such a policy. These preconditions include:

- (a) a stable and development-oriented political machinery inclined towards sustained action through planning philosophy and techniques;
- (b) existence or setting up an appropriate political and administrative machinery for planning and implementation;
- (c) a defined legal framework providing for organisational, budgetary, land acquisition and control, and similar other machineries involved in planning and implementation process;
- (d) availability of financial resources to engage multidisciplinary and trained planning personnel.

None of these preconditions was present in 1980-81 when this so-called urban development "policy" was enunciated. The unstated implication of this "policy" was that development of Calcutta metropolis was to be "slowed down" on the grounds that this area had already received disproportionately higher investment (about Rs. 150 crore) during the Fourth Plan period. It was also argued that new employment

opportunities and an improved environment would accelerate migration to Calcutta metropolis, hence there was a case for slowing down the tempo of its development. But the alternative of a declining Calcutta seems to be more unacceptable not on emotional and humanitarian grounds but on solid economic grounds of productivity.

#### Theoretical Implication

Calcutta happens to be a unique metropolis of the Third World. This sprawling and congested metropolitan area does not benefit from the accumulation of capitalist development nor does it have the tools of socialist administration. Here the public sector is weak and the private sector is not allowed to be sufficiently enterprising. Here the majority of businessmen and industrialists do not belong to this place. The planning for metropolitan development here would require provision of infrastructure not only for good living as in advanced industrial societies, but also for rapid economic development. Since poverty is acute and large-scale, progress must be fast, but always within the parametre of democratic government. Hence planning for CMD cannot afford to copy the town-planning or land-use control bias of the traditional concept of urban planning. People's participation has to be meaningfully ensured by involving the elected, and hence politically accountable, municipal bodies more and more with plan formulation as well as project implementation. Unless this could be done, the process of urban planning and development would suffer from a lack of democratic legitimacy.

The necessity of planning for economic development, in addition to pure physical planning, of metropolis within the framework of an

economic development programme for the state had emerged as early as 1971. CMPO published a memorandum to this effect.<sup>21</sup> In fact, this approach to metropolitan planning later served as the basis on which the Union government's Integrated Urban Development Programme (IUDP) was largely based. It seems correct to say that but for the CMD programme perhaps the IUDP would not have been born in the manner and at the time it did.<sup>22</sup>

The evolution of metropolitan planning and development in Calcutta can thus appear to have taken place in three distinct phases:

- (a) The first phase saw the development of infrastructural facilities by selecting some projects included in the DDP;
- (b) The second phase saw the creation of the basic settlement facilities, including employment opportunities within the framework of DDP;
- (c) The third phase has been concerned with an attack on urban poverty and deprivation for improving quality of life through public participation and municipal involvement in implementation.

In this process the roles of the political leadership, civil servants, planning experts, and the World Bank have all been important. The World Bank has not only provided a considerable amount of funds but its role has been crucial also in introducing some organisational changes in the machinery of metropolitan planning in Calcutta.

By this time it has been clear to the policy-makers and planners that any neglect of the development of CMD would mean decline of the rest of the state. To say this, however, does not mean any advocacy for

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21. Govt. of West Bengal (CMPO), A Memorandum on a Perspective Plan for Calcutta Metropolitan District and West Bengal 1971-89, Calcutta, 1971.

22. Kalyan Biswas, Op. cit., Nagarlok, XV(2), April-June 1983.

neglecting small and medium towns. But development of such towns has to be planned in the context of regional planning and linked with rural development programmes. An hierarchy of cities and towns seems to be the most efficient spatial distribution of urban activities.

Apart from the theoretical point of view, there are several pragmatic reasons for closing the gap between Calcutta and other urban centres in West Bengal. First, the infrastructural costs are less in other urban areas than in Calcutta. Secondly, migration pressure can be distributed across a larger number of points. And thirdly, general environmental conditions are better in small and medium towns than in Calcutta.

Hence any rational policy for urban planning and development in West Bengal would have the following components:

- (a) intensified investment in CMD in order to arrest its physical as well as economic deterioration;
- (b) raising the standard of public services in all urban areas;
- (c) location of industries on strict "economic" considerations;
- (d) development of supporting commercial and industrial activities in already industrially - developed areas outside CMD;
- (e) modernisation of agriculture and increased investment in agriculture; and
- (f) entrusting development responsibilities with politically responsible local leadership.

Any urban development policy would, therefore, become meaningful only on the assumption that the overall plan objectives and strategy have already been decided and therefore treated as given, and that the municipal bodies as politically responsible urban government institutions are endowed with adequate finance for discharging their

development responsibilities. The issue of municipal finances needs attention in this connexion.

#### MUNICIPAL FINANCE

In West Bengal rampant financial indiscipline in most municipal bodies over the years has always forced the state government to supply funds to bridge the increasing budgetary deficits of these bodies. These urban local bodies are perpetually unable to meet the increasing gaps in their annual revenue account and have no resources to finance any sort of capital expenditure, including repairs and renovations of existing assets. New assets created under different programmes, especially under CUDP in CMD, proved to be additional burdens on the municipal bodies. These municipal bodies, having different sizes and resources, have been traditionally dependent on government transfers and grants. There emerged, in course of time, a complex variety of grant-in-aid depending on piecemeal annual decision, including large ways and means advances in some cases. There was a huge debt-burden which these financially-crippled bodies had to bear. And, despite substantial increase in revenue expenditure, there has been a stagnation at a low level of municipal services.

In the 1960s and 1970s the municipal boards and municipal corporations had been superseded in a very large number cases, but no improvement in administrative and financial management could be achieved. The situation became complex by 1979. The state government had then already decided to hold elections for all the municipalities. The CUDP-III was then under preparation and a new urban development

strategy was being considered. It was at this time that the state government appointed the Municipal Finance Commission so that the Commissions's recommendations could be in the hands of the state government well before the Eighth Finance Commission, appointed by the President under Art 280 of the Constitution, would come to assess the needs of the state.

Earlier the Rural-Urban Relationship Committee (1966), the Central Council of Local Self-Government and the All-India Council of Mayors had all been urging the state governments to appoint municipal finance commissions. This kind of commissions, with narrower terms of reference, had earlier been appointed in Andhra Pradesh (1971), Maharashtra (1974), Orissa (1975), Karnataka (1975), Kerala (1976), and Tamil Nadu (1980).

#### Municipal Finance Commission (1982)

The West Bengal Municipal Finance Commission (WEMFC) was appointed<sup>23</sup> on 6 December 1979, and was given the terms of reference similar, though not exact, to those generally given by the Government of India to the national Finance Commission. The appointment of the WEMFC was a breakthrough in the field of municipal finance insofar as it was asked to cover not only the familiar ground of municipal finances as such, but also simultaneously to examine the state's finances for an optimum level of resource transfer to municipal bodies in order to make them viable in<sup>24</sup> relation to their needs. This broad frame of the terms of reference

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- 23. Besides the chairman, the commission had three non-official experts and two officials of the state government as members.
  - 24. The full terms of reference has been given in the LG & UD Department's Resolution No.1634/C-2/3C-79 dated 6.12.79.

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had been suggested by the PURC, but none of the state governments had so far followed up this recommendation to examine the municipal plan and non-plan requirements vis-a-vis state resources. In this context, the attempt of the WEMFC in applying the lessons of federal fiscal transfer to the state-local fiscal system takes a new direction. Administrative 26 and data collection problems caused delays in the WEMFC's work; finally it submitted its report in March 1982.

In regard to municipal finances, the WEMFC laid down a few 'fundamental' principles of policy. First, the municipal bodies "must themselves utilise as fully as practicable all the financial powers given to them" including taxation, licensing and the raising of non-tax revenues. Secondly, "when the function to be discharged by the municipal bodies cannot be fully financed by their own resources despite their best efforts, the government has to come in". The Commission outlined two main responsibilities for the state government: first, the necessary financial assistance to the municipalities must "not only be forthcoming, but it should be assured"; and secondly, the state government has a special responsibility for raising the levels of services in those municipalities which have not been able to reach a desirable standard.

The second principle relates to the treatment to be accorded to the 'deficits'. The national Finance Commissions have generally adopted a 'gap-filling' approach in determining the amounts of transfers to the

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25. Govt. of India, Ministry of Health, Report of the Rural-Urban Relationship Committee, New Delhi, 1966, Vol.I, pp.88, 107.

26. Its term was extended twice -- first upto December 1981 and finally upto March 1982.

states. The non-Plan gaps are estimated after careful scrutiny and application of trend rates, and then the shares of the divisible taxes are allocated. If any deficit still remains unfilled, equivalent grants are awarded under Article 275 of the Constitution. The state-municipal financial problems are more complex than the centre-state financial problems, because a very large number of municipal bodies with widely divergent financial requirements are involved and also because it is not easy to devise any common formula for grant-in-aid which would be satisfactory to the majority of the municipal bodies. Moreover, the major defect of the gap-filling approach is that it may penalise those municipalities which have been managing their finances efficiently, and may provide relief, or even reward, to the cases of poor financial administration. In fact, the assurance that the gaps would be filled up may take away all incentives for good financial management.

It is, however, difficult to prescribe a system of rewards and penalties. While additional grants can be recommended for good performance, by linking the grants, at least partially, with increases in internal revenue yields, the WEMFC found it unpractical to devise any system of direct penalties for failure to reach the standard. Besides, any penal measure ultimately affects the level of municipal services and thus penalises the residents. The WEMFC, therefore, decided to approach the problems indirectly by assuming certain standard rates of growth for both revenue and expenditure before estimating the deficits. This could normally mean that the municipal bodies unable to raise their revenues at the standard rates or to keep the growth of their expenditure below the rates set down would find the transfers from the state government inadequate. The Commission realised that there might be difficulties in

particular cases and therefore recommended that every such case would have to be presented to the state government for special grants and that such additional grants should be made only if the government was satisfied that there had been special factors impeding the attainment of the desired position. In effect, the municipal bodies would be under notice that they would have to attain the prescribed floor rates for revenue yields and would not be allowed to exceed the ceiling rates for expenditure.

Another problem is that of compensating the municipalities for the increase in their expenditures caused by inflationary pressures. It is again difficult to devise a suitable system of inflation-indexing of transfers, particularly when such indexing does not operate all over the system. It was found that the most direct impact of inflation had been on the dearness allowances payable. The Commission included all the dearness allowances up to 1980-81 in the calculation of expenditure and deficits, and recommended that all further dearness allowances should be financed by the state government in the form of additional subvention.

It was calculated that in West Bengal grants from the state government to the municipal bodies for providing inflation compensation for salaries and wages constituted 52 per cent of the total transfer in 1978-79. And during the same period the money transferred on account of shared taxes constituted another 42 percent of the total transfer. The remaining 6 percent consisted mainly of the education grant. Except for the share of entry tax, none of the other items of transfer was supported by any discernible principle of allocation. The subvention grant for inflation compensation was not related to any intermunicipal differences in pay scales, but concerned itself only with the cost of

living allowance. The population size of the various municipal bodies was also ignored in the distribution of the subvention - a factor which is reflected in the inter-municipal disparity.

The WBMFC attempted to change the situation by recommending the abolition of the subvention grant and widening the area of shared taxes, on the basis of detailed projection of the municipal revenue gap for the four year period from 1982-83 to 1985-86. It was calculated that even after giving effect to the increased tax sharing proposals of the Commission, there would be need for revenue gap grants for 31 municipal authorities in 1982-83 and 21 municipal authorities in 1985-86, out of a total of 104 municipal authorities. For the rest, there would be modest surpluses which would be transferred to their capital account.

The WBMFC took the view that the complex variety of grants should be replaced by a few major ones and that the dependence on ad hoc grants should be reduced, if not eliminated. Such grants provide for greater supervisory control of the state government but that is exactly the reason why these should be reduced, if municipal government is to be meaningful. Ad hoc grants also involve a large element of discretion and there had been complaints of unequal treatment of equally needy municipalities. Besides, expenditure is likely to increase in some municipalities simply because the municipal authorities feel certain about re-imbursement through ad hoc grants. Tax sharing, on the other hand, would make the municipalities independent of any need for lobbying, would provide some buoyancy to the municipal revenues and would also make the municipal bodies actively interested in the state government's taxation policy. While some grants would always be unavoidable, the Commission sought to minimise them.

The transfers and grants referred to above do not include plan grants. One of the most important tasks of the state government is to ensure that the level services in the backward municipalities is raised. This means developmental capital expenditure and it forms part of the plan estimates for the state as a whole. The Commission proposed that plan grants should be based on the projects finalised in consultation with the municipal bodies and trans-municipal agencies, and these should separately be made for each project.

#### New Policy of Financial Assistance to Municipal Bodies

A new policy in regard to grants to municipal bodies has been formulated with effect from 1983-84 financial year. This policy is a completely new exercise in state-municipal financial relations in West Bengal, the like of which was never attempted before. The declared purpose of this policy exercise are three, namely, to ensure

- (a) better financial discipline within the municipal bodies;
- (b) a better resource base to operate and maintain the assets created through various development programmes; and
- (c) timely repayment of loans advanced to the municipal bodies from time to time."<sup>27</sup>

Till March 1983, the state government used to make diverse grants of ad-hoc nature under both plan and non-plan budgets to municipal bodies, including Calcutta Corporation, on account of (i) dearness allowance to all municipal employees, (ii) meeting increased cost of salaries and wages to the employees of Calcutta Corporation, (iii)

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27. Govt. of West Bengal, Deptt. of LG & UD, Memo No.756/C-2 dated 2 April 1983.

winter allowance to some municipal bodies for their employees, (iv) share of motor vehicle tax, (v) share of terminal tax, (vi) development of municipal areas, (vii) bustee improvement schemes in municipal areas outside CMD, and (viii) state's share under the centrally sponsored project of Integrated Development of Small and Medium Towns (IDSMT).

Since the projected investment under the third phase of Calcutta Urban Development Project (CUDP-III) would be on a much higher scale than before and these investments would be made through the municipal bodies within CMD, the state government seriously felt the need for "a comprehensive fiscal policy to tone up the financial management as well as to ensure a sustained effort to maintain a minimum financial standard in the municipal bodies."

Under this new policy effective from 1st April 1983 all state grants to municipal bodies would be divided into two parts: (a) grants for revenue expenditure, and (b) grants for capital expenditure. "Revenue grants" would be given to meet "revenue gap" to be assessed by the Department of LC & UD for each municipal body separately. For meeting the capital expenditures of the municipal bodies, capital grants would be available and funded by the share of entertainment tax payable to the municipal bodies.

The "revenue gap" of a municipal body would be determined after considering the following factors:

- (i) the present level of property tax and imposition of various statutory fees;
- (ii) the possibility of increasing the collection of such taxes and fees;
- (iii) the amount required for paying salaries, wages etc. to the municipal employees;

- (iv) other recurring and non-recurring expenditures to be incurred by the municipal bodies;
- (v) the operation and maintenance expenses of assets created, or likely to be created, during the year;
- (vi) charges for debt servicing.

That is to say, the "revenue gap" would be calculated by ascertaining the total revenue expenditure minus the total revenue income of a municipal body.

The state government, after taking these factors into consideration, would insist on a "minimum performance target" for each financial year for each municipal body, which the municipality would be required to achieve. Taking 1982-83 as the starting point, the stated assumptions underlying the calculation of "minimum performance target" have been that (a) the percentage of collection of the arrear demands and current demands under property taxes would improve by 5 percent every year until the norm of 50 percent and 75 percent collection is reached for arrear and current demands respectively; (b) non-property tax revenue (including share of entry tax) would grow by an annual rate of 5 percent; (c) revenue expenditure on salaries and wages would not exceed the growth rate of 5 percent annually; (d) other recurring expenditures would have an annual growth rate of not more than 10 percent. This minimum performance target would be reviewed every year and be made known to the municipal bodies at the beginning of the financial year. The revenue gap so calculated would then be filled up through state grants.

The municipal bodies within CMD would receive financial assistance directly from CMDA for capital expenditure on development works on the

basis of schemes approved by CMDA. This assistance would be given in the ratio of two-thirds as loans and one-third as grant in case of non-commercial types of investment and 100% as loan for all types of commercial investment. It has been further laid down that if any particular municipal body within CMD fails to achieve the minimum performance target prescribed for it and the estimated revenue gap eventually widens, its entitlement to capital grant would be reviewed and reduced by the state government to the extent considered appropriate. This same course of action would be taken in respect of the municipal bodies outside CMD only after gaining some experience relating to the municipalities within CMD.

This new grants policy seems to be intended as a carrot also. It has been laid down that if any municipal body exceeds the "minimum performance target" fixed for it and its revenue gap is thereby shortened, the municipality would then be entitled to an amount, by which the revenue gap is shortened as a grant to be used for development purposes. This amount would be in addition to its entitled grant for capital expenditure.

Under this new policy the quantum of capital grant for municipalities outside CMD would be determined on the basis of their population. The undisbursed balance of capital grant to which a municipal body would be entitled in a particular financial year would be carried over to the next year's budget.

Grants so far given to municipal bodies on account of entry tax and taxes on motor vehicles and grants in lieu of fines etc. would, however, continue in the same way as before. These grants would form part of the revenue income of the municipal bodies.

Since it would take some more time to build up the necessary organisational set-up in the office of the Director of Local Bodies for effective operation of the new grants policy, it has been decided to implement it only in case of the municipal bodies within CMD for the present; those outside CMD would continue to receive grants as per the old system.

#### Critique

This new grants-in-aid policy has an implication of penalty against defaulting municipalities. The stick to be used against a municipal body is quite clear. The state government's new grants policy is found to have put a very heavy emphasis on improving the efficiency of tax-collection efforts of the municipal bodies. This kind of emphasis was not there in the recommendation of the WEMFC which had simply recommended a gap-filling approach, that is to say, the WEMFC wanted the state government to fill the gap that would appear as a result of the difference between projected own resources (including shared taxes) of a municipal body and its projected expenditure during a financial year. It is known that the new kind of emphasis on the tax collection efforts of municipal bodies has been put on the insistence of the World Bank team as a part of agreement for financing the development schemes under the CUDP-III. A section of senior bureaucrats in the state government's finance department and in the CMDA enthusiastically supported the World Bank's view.

An important implication of this new grants policy is that the municipal bodies would no longer receive any "development grant" as

such, which they used to receive before through their individual capacity of lobbying in the Department of LG & UD and with the Minister concerned. The WEMFC's formula of grants-in-aid had left some scope for discretion to be used by the Minister and his Department. But the new grants structure has sought to remove that element of flexibility and discretion.

Accepting another recommendation of the Municipal Finance Commission, the state government has announced its intention that half (50 percent) of the proceeds of entertainment tax would be distributed among the municipal bodies on the basis of population. But surprisingly till now (December 1983) no government order has been issued for enforcing this policy announcement.

The WEMFC had recommended for the cancellation of all debts owed by the municipal bodies to the state government or its agencies as on 31 March 1981 so that the capital budgets, and thus the development budgets, of the municipal bodies could be eased. The state government has already given effect to this recommendation.

The Commission had also recommended that the proceeds of the terminal tax (collected through the railways) be fully earmarked for the municipal bodies outside CMD, instead of giving them only 8 percent of the proceeds of the entry tax. So far no decision has been taken by the state government on this point.

This new policy on financial assistance to the municipal bodies is believed to be "an experimental one" whose effects would be difficult to predict.<sup>28</sup> And the success of this experiment depends on various other

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28. A spokesman of the Department of LG & UD quoted in The Telegraph (Calcutta), 15 May 1983.

factors affecting organisational efficiency. The state government seems to have appreciated the fact that apart from finance, the other resource necessary for strengthening the capability of municipal bodies for discharging their development responsibilities is the availability of properly qualified personnel. Some important reforms have also been introduced in this field of municipal administration.

#### MUNICIPAL STAFFING

The weak personnel position of municipalities in India in general and in West Bengal in particular is well-known. Primarily because of the municipalities' resource constraints and lack of any career prospects, adequately qualified staff is not attracted to municipal government. This is one of the reasons why municipal administration suffers in quality. The management capability of municipal personnel is generally very poor indeed, and this has facilitated the development of inefficient and corrupt administration at the municipal level. When the state government in West Bengal decided to involve the municipal bodies in the implementation of development projects in urban areas and recognise, although in a limited way, the role of the urban local bodies in the management of urban development, it has also to decide to transfer financial resources to the municipal bodies on a larger scale than before. At this stage, the problem of municipal personnel had to be faced inasmuch as the municipal bodies would need some qualified staff in order to raise internal revenues in an efficient manner, to utilise properly the development funds and to execute the development projects to some expected standard of efficiency.

### Deputing State Officers

Bengal has all along a system of separate personnel system for municipal administration. The state government at this stage (1980-81) did not think it advisable to introduce any major reform in municipal personnel administration but, in the context of urban development strategies adopted, some urgency was felt to do something in the matter of municipal personnel so that the development funds could be properly utilised by the municipal bodies. It was decided to depute state-level officers to some key positions in municipal administration so that the task of management of urban development can be performed to a certain degree of efficiency without destroying the autonomy of municipal administration altogether. Through an amendment (1980) to the Bengal Municipal Act of 1932 it has now been decided that the state government may depute state-level officers to any municipality for four key positions of Executive Officer, Finance Officer, Engineer, and Health Officer.

The appointment of state-level general and technical officers in Calcutta Corporation and other CMD municipalities had been strongly suggested by the World Bank since the early 1970's in order to tone up the level of efficiency of municipal administration. It is known that the state government seemed to have agreed to this suggestion because of the World Bank's insistence on having this change as a condition for providing substantial financial aid for the development of Calcutta metropolitan area. This new policy of municipal staffing has created some discontent among the officers and employees of Calcutta Corporation, because the practice of deputing state officers means less

promotion prospects for the Corporation's own officers and employees. But in the case of district municipalities, the deputation of state-level offices to the four key positions in municipal administration would not give rise to such discontent, because these levels of posts were not there before in most of the municipalities, and also because of the fact that the state government has decided to meet the salaries and allowances of these officers deputed to serve under municipal administration.

The Bengal Municipal (Amendment) Bill was introduced in the State Assembly on 18th September 1979 and was immediately referred to a select committee. The Select Committee heard the views of various interests connected with municipal government such as W.E. Municipal Association, W.S. Municipal Employees' Federation, and W.E. Municipal Workmen's Federation. The amendment was finally passed in 1980. Among the various changes brought in, this Amendment Act (1980) provided powers to the state government to send its own officers and employees to municipalities. The relevant amendment in this connection has substituted the whole of section 66(2). The new section reads as follows:

"The state government may appoint an employee or an officer of the government for a municipality, or a group of municipalities, as an Executive Officer, an Engineer, a Finance Officer, and a Health Officer in such manner and on such terms and conditions of service and possessing such qualifications as may be prescribed. The expenditure on account of salaries shall be borne by the state government".

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29. The Telegraph (Calcutta), 28 October 1983.

It has also been provided that the officers and employees so appointed shall be under the administrative control of the board of commissioners of the municipality concerned and would not be withdrawn by the state government without the approval of the board of commissioners by a resolution to be passed at a meeting called specifically for this purpose by a majority of total number of commissioners holding office for the time being. Originally the bill did not provide for a Finance Officer; this was included in the bill at the select committee stage.

This amendment (1980) also provides for compulsory constitution of three standing committees in every municipality on

- (a) Finance and Establishment,
- (b) Public Health and Sanitation, and
- (c) Public Works.

But the constitution of these committees has been made optional in those municipalities those in which the number of commissioners is less than thirteen. It appears that these three standing committees correspond with the three technical officers to be deputed to municipalities by the state government: (a) Finance officer, (b) Health Officer, and (c) Engineer. It is expected that these three officers would be associated with their corresponding standing committees by a resolution of the "commissioners at a meeting" under sec 86(3).

However, the Executive Officer has been made "the principal executive officer of the commissioners" (i.e. of the municipality). All other officers and employees of the municipality have been made subordinate to him. He may be required to be present at the Board

meeting of the commissioners or any meeting of the standing committees or special committees for making any statement or explaining facts on behalf of the administrative sections of the municipality (sec. 68).

The Executive Officer, when posted in a municipality, would normally be expected to function under the general administrative supervision and control of the chairman of the municipality, as most of the administrative powers of the commissioners are generally delegated to the chairman. So apparently it may appear that the new system of deputing state officers would not jeopardise the executive leadership of the chairman of the municipality. But it has to be noted that the "Executive" Officer is not bound to act in accordance with the direction of the chairman in all matters, because he is authorised to exercise some powers delegated to him by the elected "commissioners at a meeting" (i.e. the municipal board).

After an Executive Officer is posted in a municipality, the administrative set-up would look somewhat as under:

Board of Commissioners		
1	1	1
Chairman	1	Standing Committees
	1	
Executive Officer		
	1	
1	1	1
Finance Officer	Health Officer	Engineer

Apparently this new policy of municipal staffing may appear to be a reform of municipal personnel system, but the motive of this reform seems to be far from strengthening municipal government as a sub-system

of government as such. The policy of deputing state-level officers seems to be connected with the new policy of implementation of urban development schemes. Whereas the municipalities within CMD are to select and execute the local development projects included in the CUDP-III, CMDA would be concerned with execution of transmunicipal projects and monitoring the progress of municipal schemes. In this context of larger investment to be made through the municipalities, it was considered necessary to post the state government's own officers in the municipalities in order to ensure that financial targets are reached. Although normally serving under the general supervision and control of the chairman of the municipality, these officers on deputation would remain under the departmental control and influence of the state government.

There is also the provision that the state government may appoint such officers for a group of municipalities. The basic idea behind this provision is that the development responsibilities of smaller municipalities may not justify the appointment of such state-level officers on a full-time basis. Their services can therefore be utilised by a group of municipalities. In fact, the idea of appointing one technical officer for supervising the work of a group of adjoining municipalities was earlier suggested by a national-level committee which had considered the question of municipal personnel.<sup>30</sup> In West Bengal no officer has so far been appointed for "a group of municipalities" and how this system would work has not yet been tested. But this system implying divided attention of the officer concerned to different

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30. Govt. of India, Ministry of Health, Family Planning and Urban Development, Report of the Committee on the Service Conditions of Municipal Employees, 1968, para 3.11, p.30.

municipalities does not seem to be a well-thought-out policy on municipal personnel management. Moreover, there is another aspect to be considered. Such officers, when posted for a group of municipalities, cannot be expected to be guided and controlled by the chairman of any one municipality. In this kind of situation these officers would have the scope of independently exercising powers subject to the directions of either the district administration or their departmental superiors higher-up in the state secretariat.

The state officers on deputation to municipalities would belong to their respective state level services and would come to municipalities on deputation terms. The expenditures on account of their salaries and allowances would be borne by the state government. Financially this arrangement would mean no extra financial burden on the municipalities but, administratively speaking, the municipalities receiving these officers would lose, in practice, some levers of control over the officers who would be in charge of important aspects of municipal administration, because their pay and allowances and career prospects would not depend on the municipalities they serve. Hence the allegiance of a deputed officer would basically remain with his parent department. The Rural-Urban Relationship Committee had, in fact, apprehended that the practice of sending state officers to municipalities on deputation may affect the officials' loyalty towards the urban local bodies.<sup>31</sup> Moreover, these deputed officers may be used by the state government to exercise its control over the implementation of investment programmes which would be handed over to the municipalities under the state government's new strategy of urban development.

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31. Report (1966), vol.1, para 8.16.

With effect from 1981-82 the state government's Director of Local Bodies has been empowered to provide necessary guidance to the Executive Officers and Finance Officers of the municipalities. Similarly, the municipal Engineers would receive guidance from the Director of Municipal Engineering. That is to say, through this new practice of deputing state officers, the control of the state government over the functioning of the municipalities has been sought to be strengthened.

#### Actual Experience

This item of municipal reform does not seem to have the basic objective of strengthening the human resources of the municipalities. This reform does not ensure that each municipality would have these officers, because the statutory provision does not make it compulsory for the state government to depute such officers, nor does it compel the municipalities to seek the services of such officers. In fact, it is known that there have been a few cases where the municipalities have persistently refused to accept the state government's suggestion for deputing Executive Officers.

This reform of municipal staffing formally came into force in 1980, but till the end of 1983 it has been possible to post the following officers only as against the total requirement of more than one hundred  
32 officers in each category:

Executive Officer - 58

Finance Officer - 36

Health Officer - 22

Engineer - Nil

32. Source: Department of LG & UD, Government of West Bengal.

Through this reform no state-level cadre of municipal services has been created. All the executive officers and health officers, so far appointed, are superannuated state-level officers belonging to the state civil service and the state health service respectively, who have joined the municipalities on re-employment basis. Some of the finance officers have been appointed on re-employment basis and the rest of them have been recruited on deputation basis from the state-level Junior Audit and Accounts Service. It is known that despite the best efforts made by the state government it has not been possible to find any retired civil engineer for appointment in the municipalities presumably because of the low status and low pay in the municipal services, and of the reasonably better demands for civil engineers elsewhere even after superannuation.

This reform of municipal staffing has not obviously succeeded to any satisfactory extent. More miserable has, however, been the case with the reforms seeking to build up new institutions meant for improving the functional efficiency of municipal administration in the state.

## CHAPTER - 4

### NEW INSTITUTIONS

Institution-building has always been an important aspect of administrative reforms, because reforms need to be institutionalised in order to produce some permanent result. In the case of municipal reforms in West Bengal, it is found that some emphasis was placed on creating three new institutions which were supposed to improve the operational efficiency of municipal administration. Of all these newly-created institutions, the most important has been the Central Valuation Board; the two other institutions are the Directorate of Local Bodies (also Directorate of Municipal Engineering), and the Institute of Local Government and Urban Studies.

#### CENTRAL VALUATION BOARD

The state of property tax administration in Bengal, especially the system and procedures of assessment, has for long been chaotic. "Valuation", i.e. the periodical revision of assessments of properties, is done by assessors appointed by the municipality on the basis of lowest tender out of a panel maintained by the state government. After the list of such "valuation" of properties is drawn up by the assessor, an elaborate procedure is gone through for its validation, which includes (i) a public notice issued by the Chairman of the municipality for its inspection and inviting objections, if any; (ii) hearing of objections by a small committee of elected councillors, including the

chairman; and (iii) authentication of the list of valuation. The whole procedure leaves much scope for underassessment or indifferent assessment, unreasonable concessions, corruption and malpractices, all leading to substantial loss of revenue to municipal bodies.

#### Background

These inherent defects were noticed by an official enquiry committee about sixty years ago, and it suggested provincialisation of the work of assessment of property (lands and buildings) by creating a suitable machinery for this purpose.<sup>1</sup> The idea did not, however, receive any serious consideration. After independence, the need for rational valuation of properties, which may be free from local influences, seem to have been appreciated to some extent in Orissa and Andhra Pradesh. In both the states, the work of valuation and assessment of properties was taken out of the hands of municipal bodies and given to either a state government department (as in Orissa) or a valuation agency working on behalf of the state government (as in Andhra Pradesh) through necessary administrative orders of the state government. But in both places these experiments did not achieve much of a success primarily because of two factors:

- (a) Local influences continued to affect assessment insofar as either local municipal employees or locally recruited staff were used for assessment work; and

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1. Government of India, Report of the India Taxation Enquiry Committee (1924-25), Vol I, Central Publication Branch, Calcutta, 1928, p.431.

(b) Rent receipts were taken into consideration to arrive at the annual rateable value for purposes of property taxation.<sup>2</sup>

Some kind of a central valuation agency for assessment of properties was again suggested by the various national-level official committees and commissions which enquired into the state of taxation or the problem of resource mobilisation by urban local bodies. The Local Finance Enquiry Committee (1951), the Taxation Enquiry Commission (1953-54), the Committee on Augmentation of Financial Resources of Urban Local Bodies (1963), the Rural-Urban Relationship Committee (1966), and the Committee on Service Conditions of Municipal Employees (1968) have all recommended the creation of a centralised authority or agency or of a special department in the state government for the purpose of guiding and controlling the work of assessment and valuation of properties.

In recent times in West Bengal the need for centralising the work of assessment and valuation of properties for the purpose of mobilisation of municipal resources was first emphasised by CMPO in its Basic Development Plan (1966) for Calcutta metropolitan district. It is known that this idea was included as an item of metropolitan planning and development at the suggestion of the Ford Foundation experts who were then associated with CMPO for drawing up the BDP. Like many other aspects of the BDP, this point also was not taken for consideration by the state government which experienced serious political instability during the late 1960s.

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2. National Council of Applied Economic Research (NCAER), A Study of the Resources of Municipal Bodies, New Delhi, 1980, Pp.48-50.

When the World Bank came to be associated with planning and development of Calcutta metropolitan district in the early 1970s, the idea of centralised assessment and valuation of properties for tax purposes began to receive serious attention. In connexion with the first phase of the World Bank-assisted Calcutta Urban Development Project (CUDP-I), a working group on municipal finance was appointed in 1974. This study group suggested centralisation of assessment and valuation work. In course of the negotiations with the Government of West Bengal over the preparation of the CUDP-II, the World Bank had strongly suggested a fresh study of this problem. At the instance of the World Bank, a British assessor came to Calcutta in 1975 as a consultant of the World Bank to study the administration of property taxation in Calcutta metropolitan district. This consultant (Mr Baird) suggested the formation of a centralised body called Central Valuation Board primarily for eliminating corruption in assessment, introducing necessary zoning for assessment of properties, and determining the norm or basis of valuation of properties. When the report made by this British expert was being considered by the state government in 1975-76, opposition to the idea of centralised valuation and assessment came from a number of municipalities. A difference of opinion also surfaced within the state government's concerned department between the minister and the special secretary dealing with this problem. Soon, in the wake of a cabinet reshuffle necessitated by some local party political reasons, a new minister came in the Department of Municipal Services. The new minister was young, energetic and determined to show his talents; and the special secretary, aided by an influential non-official expert on property taxation, succeeded in persuading the new minister

that such a reform in the administration of property taxation in the state was necessary and desirable for adequate resource mobilisation for urban development. The minister succeeded in getting an ordinance approved by the state cabinet in 1976 for setting-up the Central Valuation Board. Opposition to centralised valuation and assessment, however, continued to come from municipal lobbies, as they feared a serious loss of an important function of municipal bodies. The ordinance was therefore allowed to lapse. Later in mid-1977 the state Assembly was dissolved for fresh election.

Coming to power in the middle of 1977, the Left Front-controlled state government immediately had to enter into negotiation with the World Bank in course of the appraisal of CUDP-II. This appraisal made in the later half of 1977 pointed out that the state government had given the assurance to take steps, inter alia, to generate additional resources at the local level and improve local administrative capacity. Among other things, it was made a part of the agreement between the Government of West Bengal and the International Development Association (a World Bank associate dealing with soft loans) concluded in January 1978 that the state government would take steps to improve the administration and collection of property tax within Calcutta Corporation area and the rest of CMD, and would set up a Central Valuation Board and would complete revaluation of all properties within CMD by 1st April 1982.

The necessary legislation was passed by the state Assembly in late 1978 and the West Bengal Central Valuation Board Act (1978) received the assent of the state Governor in early 1979. On 16 November 1978 while

introducing the CVE bill in the Assembly, the Minister explained the objects and reasons for introducing this legislation in the following words:

"The existing system of assessment and valuation of lands and buildings by the employees of the Corporation of Calcutta and Howrah municipality and by the assessors appointed by the district municipalities from the panel prepared by the Government in the other municipal areas has not been yielding satisfactory results. These valuations are further reviewed by the municipal authorities. Because of existence of local pressure and other factors, there is gross undervaluation of property and inequality in assessment both in Calcutta and in the municipalities. There is also lack of uniformity in assessment which leads to fiscal disparity among the municipalities inter se and eventual repercussion on the development in urban areas.

"With a view to obtaining uniformity in valuation, objectivity in assessment and securing a higher yield of municipal revenue throughout the state, the Government considered it necessary to set up a statutory centralised authority styled as the Central Valuation Board for the purpose of valuation of, and assessment on, properties both in Calcutta and the municipalities. It is not, however, intended to bring into force the provisions of this proposed enactment in all the areas at once. It may be brought into force in different areas on different dates. A valuation authority for a municipality or group of municipalities may, however, be constituted in terms of the provisions of the proposed enactment to function within the jurisdiction where the activities of the Central Valuation Board may not be spread out immediately."

### Composition and Establishment

The CVE Act (1978) provides for an autonomous body corporate, called Central Valuation Board (CVE), to be established by the state government. It would consist of a chairman and two other members - one chosen from judicial service, with at least seven years' experience, and the other having expertise in civil engineering and knowledge and experience in the work of valuation and assessment. The chairman shall be a person who is or has been an officer of the state government not below the rank of a secretary. The Board is to have a secretary who would act as its chief executive officer.

It is important to note that the CVE cannot act suo moto. Enjoying the status of a body corporate, the CVE has legally been made a body distinct from the state government. It would enjoy the authority of valuation and assessment of lands and buildings only in those areas which the state government would specify by notification under section 9 (i) of the 1978 Act. There is also to be a Review Committee of the CVE itself, which has been empowered to confirm, reduce, enhance or annul the valuation or the assessment made by the Board itself. The Act (Section 27) further permits the constitution of a Valuation Authority by the state government, in consultation with the CVE, for a municipality or a group of municipalities in those areas which would not have been brought under the jurisdiction of the CVE. Such an authority would also consist of a chairman, one judicial member, and a civil engineer member all appointed by the state government. This is a new feature of the Act of 1978; no such valuation authority had been provided under the ordinance issued earlier in 1975 for setting up the CVE.

The CVB was formally set up on 1st August 1979.<sup>3</sup> It started its career in a rented house with a part-time chairman.<sup>4</sup> Soon a whole-time engineer member joined the Board, but the post of the judicial member remained vacant. The post of secretary (the chief executive officer of the Board) was occupied by an officer of the state government in a part-time capacity till 5 March 1983 when a WBCS officer joined the Board as its full-time secretary. Besides, the Board now has the services of an officer-on-special duty called valuation officer, who has been on deputation to the Board from the Corporation of Calcutta. Its office staff is still (December 1983) very small, consisting of one upper-division accountant and six lower division office assistants. The reason is not far to seek: the CVB, till now, has not much work to do.

#### Activities

Within a year or so the first part-time chairman was removed and replaced by another part-time chairman holding conjointly the charge as the Administrator of Calcutta Corporation. The World Bank team again reviewed the situation in 1980 and insisted upon appointing some consultant to study the organisational structure that the CVB should have and to suggest norms and methods of valuation of lands and buildings in urban areas. The second part-time chairman proposed to appoint two private firms of Calcutta as consultant, viz. Price

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3. Government of West Bengal, Department of LG & UD, notification no 602/C-4/MIA- 17/79 dated 31 July 1979 and no 620/C-4/MIA-17/79 dated 1 August 1979.
  4. The Special Secretary of the LF&UD Department of the state government, who was then also acting as the Administrator of the superseded Corporation of Calcutta, was appointed the first chairman of the CVB.

Waterhouse & Co., and Ghose Rose and Associates Pvt. Ltd. The state government's finance secretary was primarily responsible for sanctioning the CVB's proposal for the appointment of its consultants. The CVB spent a total sum of Rs. 5 lakh and received two reports from the consultants - first interim report in December 1981 and the second report in May 1982. It is understood that in order to implement the concept of valuation contemplated in Calcutta Municipal Corporation Act (1980), a tentative valuation model was evolved by the consultants in which the rental value would be derived by taking into account the relative significance of factors like location, use, nature of construction, age of building and so on. The consultant's report suggested the use of regression equations to arrive at an "objective" valuation of property taxes. As the rental or real estate market in India is neither open nor free it was deemed difficult to estimate any meaningful functional relationship between property values (annual rental value or capital value) and their determinants. When the idea of using regression equations was referred to some experts on urban land taxation in a seminar, most of them rejected it on grounds of its impracticality in the Indian situation. The state government's finance secretary, who had earlier sanctioned the appointment of the CVB consultant, himself became disgusted. He turned down the consultant's request for further funding for a public opinion poll on the prevailing level of rental. Later the Municipal Finance Commission also considered the contents of the consultant's report and rejected it. No action on the recommendations of the consultants about the Board's organisational structure was taken because the suggested organisational structure was found to be unnecessarily complicated and expensive for the CVB at the moment.

Towards the end of 1982 the CVB had its third chairman and now on a whole-time basis for the first time. But meanwhile the engineer member had retired and no new appointment was made. The CVB therefore continued to function in an incomplete form and an amendment of 1979 had already provided that no action of the Board would be invalidated or otherwise questioned on grounds of any vacancy in the office of the members of the Board.

Statutorily the CVB would operate only if it is allowed to operate by the state government through a notification under section 9(i) of the Act of 1978 specifying the area of its operation. Till March 1984 no such notification has been made. During 1981-82 the CVB was primarily preoccupied with examination of the present position of property tax administration of the municipal bodies in general, and of the municipalities within CMD, in particular. It collected some data and ascertained methodology relating to valuation, levy and collection of property taxes, shortfalls and reasons thereof. This job was in the nature of getting-closer to its task mission in general.

While the new legislations for Calcutta and Howrah Corporations (1980) recognise the existence of the CVB, there is no mention of it in the recent (1980) legislation amending the Bengal Municipal Act 1932. The power of individual municipalities to prepare their valuation list has been retained. The state-wide municipal elections were held in the middle of 1981 after a lapse of about 15-16 years, and the Bengal Municipal (Amendment) Act of 1980 required the municipalities to complete re-valuation of properties before 1st April 1983 as a condition of introducing the consolidated rate on properties.

The amendment of the E.M. Act in 1980 has expanded the powers of the municipalities in respect of appointment of assessors for valuation of properties. Previously the municipal boards had to appoint assessors from the panel maintained by the state government, and the appointment of assessors had to be approved by the state government. Now under the amended section 133, the state government is to frame the rules prescribing the qualifications of the persons to be appointed as assessors, and the municipal boards are free to appoint as assessor any person possessing the "prescribed qualifications". Moreover, the amended BM Act now envisages the creation of the post of Assessor in a municipality (Sec 66/3/e), who would be responsible for preparing the valuation list for the municipality (section 133 (1)). If there is no assessor of its own, the municipality would appoint an assessor from the open market. Presumably the intention has been to make the municipalities independent and professionally competent in the matter of assessment.

As the CVB was not operationalised to do the job, valuation and assessment has been done by the municipalities. The newly-elected municipal boards have since been showing their eagerness for development works and mobilisation of necessary resources. Since the municipalities themselves usually do not have any departmental expertise of their own in valuation and assessment, most of these bodies within CMD area have approached the CVB on their own for support and guidance. Throughout 1982 the CVB, with full consent and support of the state governments, held monthly meetings with the representatives of the municipalities within CMD. The CVB also did some useful work in redesigning various existing forms and revising rules in the light of the recent amendments

to the Bengal Municipal Act, 1932.

In June 1982 the CVB issued a circular to all the municipalities offering various kinds of assistance and guidance in the following areas:

- 1) Selection of Assessor, including drafting of the notice inviting offers, drafting of agreement between the municipality and the Assessor, stipulating job-requirement, submission of valuation list within time-schedule, payment schedule, etc.;
- ii) Identification of weaknesses in valuation operation suggesting timely corrective measures;
- iii) Periodical checking of Assessor's work on behalf of the municipality and monitoring progress, etc.;
- iv) Compliance of rules in the distribution and receipt of E-Form, inspection of holding by the Assessor, checking of authenticity and amount of rent received, if tenanted, and evaluation of rent for self-occupied holding (fully or partly), vacant land/tank, non-residential premises, cinemas, markets, schools, colleges, offices, godowns, warehouses, hospitals etc.;
- v) Devising ways and means of expeditious processing and disposal of review petitions by the municipalities;
- vi) Publicity campaign to enlist cooperation of ratepayers on timely payment of property taxes and its social benefits, etc.; and
- vii) Any other matters, be it engineering and/or legal, relating to property tax administration.

In response to this circular, all the municipalities within CMD and some municipalities outside CMD approached the CVB for assistance in regard to (i) selection of assessors; (ii) guidelines on valuation methodology as per statutory provisions, (iii) identification of weaknesses and inadequacies in levy and collection methodology and their remedial measures; (iv) publicity campaign to motivate taxpayers towards timely payment of municipal taxes to enable the municipality to maintain and up-grade civic services; and (v) legal aids to clear court cases.

The World Bank team again reviewed, among other things, the work of the CVB in October 1982. Meanwhile the CVB has met the Institution of Engineers, and the professional associations of architects, chartered accountants and cost accountants with a view to attracting good talents for assessment work in municipalities. It has also been studying the adequacy of the existing legal provisions in the CVB Act as well as other legislations bearing on municipal government, and has been making suggestions to the state government for necessary amendments. It has started the practice of sending its staff to municipalities for studying their valuation problems and offer guidance in technical matters relating to valuation and assessment. Practically speaking, the CVB is now playing a useful advisory role, although strictly speaking it has no legally sanctioned advisory role vis-a-vis the municipal bodies. So long as the CVB's advice is voluntarily sought by a municipality, there is no problem; but, at present, certainly the CVB cannot, on its own, advise any municipality on how its valuation and assessment work is to be performed. The state government now seems to have accepted the position that the CVB should

not be saddled with the stupendous task of valuation of lands and buildings throughout the state as originally envisaged in the Act of 1978. It would have required too huge man-power and finance to be practicable immediately. The CVF also seems to be reconciled with its role of 'friend, philosopher and guide' to the municipal bodies in the matter of property taxation.

#### Future Role

It is clear that assessment of properties in Calcutta Corporation area with nearly one lakh forty thousand holdings and also in 114 municipalities of the state would be a baffling task for any single organisation. The composition of the CVE as given in the Act of 1978 also does not seem to be appropriate and adequate for this task. Considering the legal and administrative difficulties confronting the CVB, the West Bengal Municipal Finance Commission suggested that the CVE would do well to concentrate on setting guidelines and procedures, and to train assessors who could be from the municipal bodies themselves. This appears to be a good suggestion consistent with the idea that urban local bodies should be made more, and not less, autonomous and responsible. In the absence of any professional valuation organisation for property taxation in India, currently the content of professionalism in valuation and assessment by municipal staff has been minimal. In West Bengal the current practice shows that assessors are recruited from among engineers and chartered accountants. Municipal valuation and assessment work constitutes a part-time interest for these type of municipal assessors, many of whom do not even possess any detailed knowledge about the provisions of municipal laws and judicial decisions on municipal valuation. As there is no professional body of

municipal assessors here as in Britain, these assessors have no professional norm or code of conduct to follow. It is hoped that this gap in professionalisation of assessment work can be filled in by the CVE. It can develop professionalism in valuation through training of assessors, preparation of a valuation code, and standardisation of assessment practices for its own staff as well as for the municipal staff who would presumably be responsible for valuation and assessment. Again, the case of standardisation of assessment practices appears stronger in the context of the gap - filling approach recommended by the WFMFC. It has been pointed out by an expert that "the difference in the levels of valuation within and outside CMD indicate substantial inter-municipal disparities requiring standardisation of municipal valuation, so that the differences in tax bases are not accentuated by valuation disparities under a system of gap-filling fiscal transfer".<sup>5</sup>

In the changed context of new municipal legislations and other developments, the future role of the CVP seems to be building up around the following primary functions:

- (i) to set up a data-base for levels of rent and prices of real property in each municipality;
- (ii) to maintain records of particulars of high-valued holdings and of certain categories of properties, e.g. markets, factories, etc. on the basis of information received and collected on the spot;
- (iii) to lay down norms and guidelines of assessment, i.e. rents, land-values, cost of construction for each municipality separately, and for each ward or zone conveniently indicating allowances to be made for age, location, type of construction;

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5. Abhijit Datta, State Municipal Fiscal Relations: A Comparative Study of Australia and India Australian National University, Canberra, 1982, p. 45.

- (iv) to engage panel assessors and arrange for their training in valuation for rating purpose in collaboration with the newly-established Institute of Local Government and Urban Studies;
- (v) to bring out comprehensive valuation code based on new municipal legislations in the state;
- (vi) to lay down criteria for assessment and the functioning of the Review Committee in disposing objections against valuation;
- (vii) to oversee valuation operation of the assessors on behalf of the municipalities;
- (viii) to assist municipalities in maximising tax revenues;
- (ix) to assist the state government in evaluating the efforts of municipal bodies in the matter of property taxation.

There is a current thinking at the state government level that the CVB would be authorised to intervene and take up valuation directly only if the state government is satisfied that a municipality has been guilty of omission or commission, as a result of which there has been underassessment of properties and low collection.

#### Critical Appraisal

Centralising the power of valuation and assessment in an expert body or agency like the CVE has its own theoretical attraction. The three ingredients of efficient property tax administration have generally been mentioned by the experts, namely, professionalisation, centralisation, and computerisation.<sup>6</sup> The need of professionalisation and centralisation of valuation and assessment seems to have been recognised by the creation of the CVB. But the actual experience of centralisation has not been encouraging in some of the states in India where it had been attempted earlier. In fact, the responsibility of

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6. A.D. Lynn, Jr. (ed), Property Tax and Its Administration, University of Wisconsin Press, 1969, p.9.

valuation and assessment of properties in all municipal areas throughout West Bengal would be, by any standard, a stupendous task. Even if this task is accepted, the sheer volume and complexity of the work, with each municipality having its own peculiarities calling for intimate knowledge of local conditions of rental and property-markets, would necessitate a decentralised organisational set-up. The Act (1978) provides for valuation authorities for municipalities, in addition to the CVB, if necessary. The objective therefore seems to be to take away the task of valuation from municipal bodies and entrust it to the CVB or the valuation authorities in course of time.

But it remains doubtful whether the CVB and the separate valuation authorities can be in a position to undertake satisfactorily the task of valuation and assessment directly. There is a provision in the CVB Act (Sec. 1/3) which may be read to imply that the CVB or valuation authorities might be used for pilot studies in selected areas. Cooperation of municipal authorities would be needed in the work of the CVB or valuation authorities for receiving the list of all new buildings erected and existing buildings reconstructed or substantially altered and improved. That is to say, even when working in a specified area or areas, the CVB would have to develop its own administrative culture for securing the cooperation of the municipal bodies in order to be successful in its assigned job. Such cooperation would be all the more necessary because valuation and assessment of properties would always have a political slant, despite all its technicality. It might prove somewhat impossible to exclude the elected councillors totally from this process.

That is why, perhaps, the CVB Act (1978) provides for Review Committee consisting of the judicial member of the Board (as its president) and the elected councillor of the ward concerned. When the CVB would take over the work of valuation, the municipal bodies would cease to have any say in the matter, and therefore it was presumably thought desirable to have the local ward representative on the review committee. But this association of the local representative with the review process seems to be inconsistent with the spirit underlying the constitution of the Assessment Review Committee under Bengal Municipal Act (1932) and of the Municipal Assessment Tribunal under Calcutta Municipal Corporation Act (1980). It would perhaps have been better to associate the elected representative with the CVB in the task of determining the norm of valuation rather than reviewing objections. If elected representatives are allowed to have their say in the review of individual cases of their areas, the basic purpose of eliminating local influence from valuation and assessment of properties would be frustrated. Secondly, it seems inappropriate that a member of the CVB is to preside over the review of valuation already determined by the CVB itself. It amounts to make one sit on judgment about one's own decision.<sup>7</sup> If the CVB's role is confined to formulation of norms and monitoring of assessments done by the assessor, then it could review and revise assessment without giving rise to any question of propriety.

Considering the manner in which local influence operates in the matter of valuation, it has been found that the balance of advantage

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7. The point has been rightly made by a veteran municipal chairman and a former general-secretary of the West Bengal Municipal Association; see Sachin Mukherjee, "Central Valuation Board: How Much will It Stand the Test and Serve the Purpose", Paura Darpan (Journal of the W.B. Municipal Association), Vol.I & II, 1980.

seems to lie with the system of valuation and assessment done by empanelled assessors from outside the municipality concerned.<sup>8</sup> The existing relationship between a panel assessor and the municipality, however, appears somewhat tenuous. Once the valuation list is drawn up and presented to the municipality, it is not easy for the municipality to bring the assessor to book even if instances of gross underassessment or apparent mistakes are found. The CVB can, perhaps, be empowered to intervene in such cases to rectify the mistakes of underassessment. Valuation is, after all, a largely subjective exercise and it is not at all easy to prove any act of willful misdemeanour in the matter of valuation. But the CVB can maintain its own panel of assessors through whom any sample checking of assessment lists can be made. With modern technology of data processing, it should not be difficult for the CVB to compile and maintain data on property values and rents for all municipalities at one place. This would need computerisation which however does not seem to be in sight in immediate future in West Bengal.

The CVB was born out of pressure coming from the international aid-giving agency, and it seems that since its creation it has not been taken seriously by the state government. The Board is already known to have been facing covert opposition from elected councillors, municipal officials, and private assessors. Each of these three groups considers their interest threatened if the CVB is allowed to have full play of its role. The councillors would lose their powers of review and opportunities of constituency-nursing; municipal officials apprehend

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8. Report of West Bengal Municipal Finance Commission (1982), Vol. II, Study on Property Tax Reform in West Bengal by the National Institute of Public Finance and Policy, p. 136.

that they would have no say in determining valuation and may lose some of the sources of their alleged extra-income; and the private assessors are afraid of losing their business. All these kinds of opposition are expected and seem to be natural. But the real politics of institution - building behind the abortive nature of the CVB as at present seems to lie in the nexus of understanding between the interests representing big owners of urban land and speculators in urban land market in Calcutta metropolitan area, on the one hand, and the power structure, including a section of the higher bureaucracy and of the political leadership controlling the state government, on the other.

In West Bengal the arguments in favour of a central valuation agency for eliminating political influence in valuation and assessment work seem to have been rejected without making such a policy officially explicit. As it would appear to be politically embarrassing to oppose the CVB's functioning as such, a revised role for it has been sought to be devised so that the CVB would have some advisory and training functions and it could also be used in those cases where erring and recalcitrant municipal councils would need to be pulled up in the matter of valuation and assessment.

#### DIRECTORATE OF LOCAL BODIES

While pushing through the various reform measures in municipal government and urban development, the state government came to feel the need for institutionalising its control over the municipal bodies. The creation of the separate directorates, namely, the Directorate of Local Bodies and the Directorate of Municipal Engineering, appeared necessary

in the context of the larger role envisaged for the municipal bodies in matters of urban development.

#### Background

The idea of a separate Inspectorate of Local Bodies to be attached to the Bengal provincial government's department of local self-government was first mooted in 1944-45 by the Rowlands Committee.<sup>9</sup> But nothing came out of it until the Bengal Municipal Act (1932) was amended in 1955 providing, among other things, for a Director of Local Bodies. However, no step was then taken to implement this idea. Later the Rural-Urban Relationship Committee (1966) had also suggested the setting up in each state of a directorate of urban local administration at the state headquarters.<sup>10</sup> This suggestion was not then acted upon in West Bengal. Instead of a directorate, West Bengal continued with the tradition of an inspectorate system for routine inspection of the administrative and accounting activities of the municipalities. Inspectors were attached to the offices of the Divisional Commissioner in three divisions in the state, namely, Presidency division, Burdwan division, and Jalpaiguri division.

During the period 1965-77 the majority of the municipalities in the state were superseded either directly or indirectly through the appointment of Executive Officers under sec. 67-A of the Bengal Municipal Act (1932).<sup>11</sup> During this period municipal administration in

9. Government of Bengal, Report of Bengal Administration Enquiry Committee (1944-45), Calcutta, 1945.

10. Government of India, Ministry of Health, Report of the Rural-Urban Relationship Committee, New Delhi, 1966, Vol. I, para 11. 16, p. 120.

11. This section has since been deleted by the amendment to the B.M. Act in 1980.

West Bengal was, practically speaking, an extension of the administration of the state government which had then no forward-looking policy on municipal administration. The functions of the state government's house-keeping department for municipal government at that time (Department of Municipal Services, as it was styled between 1972 and 1977) tended to be negative and regulatory. The Left Front government in 1978 withdrew the Executive Officers from the municipalities and revived the elected leadership at the municipalities. Since then the state government had been adopting a positive and promotional approach in municipal administration. The state government found then that the Divisional Commissioners did not take the same kind and degree of interest in municipal affairs as they used to take in the pre-independence period. The municipalities were then neglected as institutions of urban management. Since the state government now decided to assign some role to the municipal bodies in the management of urban development, some organisational reforms appeared necessary.

By 1978 the state government had apparently committed itself to the policy of decentralisation of powers and responsibilities to the elected panchayats in respect of rural development, and a Directorate of Panchayats had been functioning since the early sixties exercising some powers of guiding the elected panchayati raj bodies. In the field of urban development also the policy decision was taken to involve the elected municipal bodies, and the case for setting up a directorate of local bodies appeared very strong, especially when such a provision had already been there in the Bengal Municipal Act since 1955. Meanwhile, West Bengal Municipal Association, a forum of the municipal bodies of the state functioning since 1936, also started demanding the setting up

of a directorate of municipal administration so that their cases could receive proper attention from the secretariat. The question of sanctioning the creation of the Directorate of Local Bodies assumed immediate importance at the time when it came into existence because of two factors: first, the World Bank's insistence on setting up such an organisation, and secondly, the allotment of a sum of Rs. 2.6 crores in the state government's budget for 1978-79 for undertaking comprehensive development activities in urban areas.

#### Setting-up of DLB

In exercise of its powers under section 544-A of the Bengal Municipal Act 1932, as amended in 1955, the state government formally took the decision in 1978 to appoint a Director of Local Bodies. This was the first time that the state was to have such a state-level functionary concerned with municipal government. With the appointment of the Director, the powers of the Directorate was also specified subsequently.

The setting-up of the Directorate of Local Bodies (DLB) was sanctioned by an administrative order of the Department of Local Government and Urban Development.<sup>12</sup> This Directorate was designed "to oversee the performance of the local bodies, coordinate the activities among the different local bodies as and when necessary, analyse budgets of the urban local bodies, assess the requirement of funds of such bodies, evaluate progress of schemes from time to time, and aid and

12. G.O. No. 4842/LSG/2M-22/77 dated 30th Sept. 1978. (Vide the Calcutta Gazettee, 5 October, 1978).

advise the urban local bodies as and when required."<sup>13</sup> A Director of Local Bodies was appointed towards the end of 1980 (G.O. 2914/C-4/M1A-29/80 dt. 20 Dec. 1980).

Apart from the Director who is to come from the IAS cadre, the Directorate of Local Bodies has at present the sanctioned strength of four deputy directors and five assistant directors, who come to the DLB on deputation either from the state civil service (WBCS) or by transfer of services of the suitable special officers (Grade I and also Grade II) of the Department of LG & UD. The headquarters of the DLB is located in Calcutta and its two regional offices are located at Chinsurah (for Burdwan division) and at Siliguri (for Jalpaiguri division). The regional office for Presidency division is located within the headquarters building in Calcutta.

All the powers of the Divisional Commissioner and some powers of the State Government under the Bengal Municipal Act (1932) in respect of all municipalities and notified area authorities within the state, have been vested in the Director of Local Bodies with effect from 1st January 1982 (vide. notification of the LG & UD department no. 2916/C-4/M1A-29/80 dated 20 December 1980). Besides, the powers of the Divisional Commissioner under some of the rules of the Municipal Accounts Rules (e.g. rules regarding travelling allowances to chairman, vice-chairman, and elected commissioners of municipalities, and rules regarding submission of the annual administrative report of the municipality) have been vested in the Director of Local Bodies in July 1981.<sup>14</sup>

13. Ibid.

14. (Vide LG & UD Department's notifications No.51/C-4/M3R-3/80, No. 49/C-4/M3R-3/80, and no. 47/C-4/M3R-3/80, all dated 21 January 1981.)

Apart from performing the regulatory functions under such powers as have been vested in him, the Director is supposed to inspect the municipalities and oversee their functioning. From 1981-82, one of the important functions of the DLB has been to provide necessary guidance to the newly-appointed Executive Officers and Finance Officers of the municipalities.

#### Critical Appraisal

There being, at present, no state-wide unified municipal cadre, the basic raison-d'être of a municipal directorate is absent. The powers enjoyed and exercised by the DLB appear to be primarily restrictive and regulatory.<sup>15</sup> The Inspectors of Local Bodies attached to the offices of the Divisional Commissioner now function under the DLB. But the DLB essentially functions from its central office. In the absence of either a regional administrative set-up (as in Andhra Pradesh, Haryana, Punjab, Kerala, and Tamil Nadu) or an arrangement with the district administration (as in Gujarat, Maharashtra, and Rajasthan), such direct functioning from the headquarters does not seem to be conducive to speed and efficiency. In order to be an effective agency of sustaining and promoting municipal government, the DLB seems to be in need of equipping itself properly and adequately to assist the urban local bodies in legal and technical matters. Unless this could be done, the justification for such a directorate would remain questionable.

The West Bengal Municipal Finance Commission suggested (1982) an expanded role for the DLB. It recommended that all resource transfers

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15. For a full list of powers of the Director of Local Bodies, see Appendix-II.

from the state government to the urban local bodies be routed through the DLB. The state government has accepted this idea while announcing its revised structure of grants payable to municipal bodies. The WBMFC also recommended that a permanent cell be created within the DLB for specialising in data collection relating to municipal finances. This has not yet (March 1984) been acted upon.

It may also be suggested that the DLB needs to set up a few units within its own organisation for aiding the performance of the house-keeping role of the state government's Department of Local Government and Urban Development, namely, (a) a study cell for examining the administrative problems faced by the municipal bodies; (b) a consulting unit to appraise municipal projects; (c) an expert cell for assisting the municipal bodies in the preparation of corporate plans; (d) a unit to render legal aid service to the municipal bodies; and (e) a unit for initiating reforms in budgeting and other practices of financial control.

#### DIRECTORATE OF MUNICIPAL ENGINEERING

The municipal engineering wing of the erstwhile Calcutta Metropolitan Planning Organisation (CMPO)<sup>16</sup> was transferred to the Department of LC & UD in 1978 to provide technical assistance to the municipal bodies and to prepare plans and schemes for water supply, sewerage and drainage in municipal towns outside CMD. This kind of responsibility within CMD is already vested in the CMD. When the Directorate of Local Bodies (DLB) was set up in 1980, it was provided

16. CMPO lost its separate identity in 1976 when it was merged with Town and Country Planning branch of the state government's Planning and Development department.

that this technical-engineering wing, which was then called Municipal Engineering Planning Stream and had been functioning under the Department of LG & UD, would form a separate wing of the Directorate of Local Bodies and be called "Municipal Services Cell". It was designed to function as the engineering cell of the DLB for planning of drinking water supply in urban areas, drainage, sewerage, and other engineering works. The post of Director of Local Bodies was reserved for a generalist officer belonging to either IAS or WBCS (senior cadre)<sup>17</sup>. But it is known that because of the tension between bureaucracy and technocracy, the lobby of these engineers pressed for a separate directorate of their own. The engineers concerned resented the system of their serving under the supervision and control of any generalist administrator. Moreover, the creation of a separate directorate would necessitate the creation of some higher posts and thereby facilitate the promotional opportunities for the engineers. They made some strong representations to the government and waited on deputation to the Minister more than once. The state government's Planning Adviser supported the case of the engineers on grounds that smoother working conditions for implementing urban development projects would be achieved by constituting a separate directorate for this purpose. The state government finally accepted this viewpoint and the technical wing of the LG & UD department was formally converted into the Directorate of Municipal Engineering in March 1981.

The principal functions of this Directorate include:

- (i) To prepare plans and schemes for water supply, sewerage and drainage in municipal towns outside Calcutta Metropolitan District;

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17. Govt. of West Bengal. Dept. of LG & UD, G.O. No. 4842/LSG/2M-22/77 dt. 30 Sept. 1978.

- (ii) To formulate, execute, and supervise any development schemes that might be sponsored either by the state government or by the urban local bodies or jointly by the government and the urban local bodies;
- (iii) To vet the plans and estimates of the development schemes of the municipalities financed by the state government;
- (iv) To act as "Town Planners" of the municipal bodies and new urban growth centres.

Besides, the Directorate of Municipal Engineering is currently in charge of not only technical supervision but also actual implementation of all projects under the centrally-sponsored scheme of Integrated Development of Small and Medium Towns (IDSMT).

The Directorate is headed by a Chief Engineer. At present, the post of the Chief Engineer is held by an Engineer Adviser to the Department of Local Government and Urban Development. The Directorate has two circles, viz., planning circle and works circle. Each circle is headed by a Superintending Engineer. There are 14 divisions-seven under the planning circle and seven under the works circle, each division being in charge of an Executive Engineer.

#### INSTITUTE OF LOCAL GOVERNMENT AND URBAN STUDIES

Apart from creating new institutions for controlling and guiding the municipal bodies in the state, the need for imparting suitable training to the municipal leaders and the categories of general and technical personnel involved in municipal administration was also seriously felt at this time.

The establishment of the Institute of Local Government and Urban Studies (ILGUS) by the state government in 1982 is not an isolated

event. Its genesis can be traced back to the World Bank's emphasis on necessary institution-building for implementation of the second phase of Calcutta Urban Development Project (CUDP-II). The need for such a training-cum-research institution assumes a critical dimension after the state government adopted in 1980 its urban development policy which sought to involve the municipal bodies in the planning and execution of urban development programmes. The volume of expenditure in the urban development sector began increasing substantially since 1978 and a new role was visualised for the municipal bodies. The state government decided as a matter of policy to revive municipal government as its junior partner in the field of urban development. When the popular boards were elected in most of the state's municipalities in the middle of 1981, the need of suitable training for the new municipal leaders became very urgent. Earlier, Calcutta Corporation and CMDA had been separately organising their own training programmes for their own employees, but in the second half of 1981 the need for imparting training to all kinds of functionaries involved in urban development emerged as a problem to be tackled at the state level.<sup>18</sup> The World Bank had all along been urging for some concrete institutional arrangement for imparting systematic training in this field.

#### Background

Sometime in the middle of 1981 the post of a Special Officer (Training) was created within the state government's LG & UD Department. He prepared a comprehensive note delineating the department's proposal for setting up a training-cum-research institute under direct

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18. Vide G.O. No. 2325/C-3/LG & UD dated 5 August 1981.

departmental control. It was argued in this note that in the field of urban development in the state new jobs were being created, old jobs were required to be performed in new ways, and existing jobs were being performed in deficient ways. The members of the newly-elected municipalities as well as the officials employed in various organisations concerned with urban development were needed to perceive their roles within the total framework of the organisational structure of urban development in the state. Hence training as an appropriate measure of intervention seemed urgent in order to counter an actual deficiency or a potential deficiency in urban government and machinery for urban development.

The LG & UD department was of the view that if training was to be considered as one of the intervention strategies for increasing organisational effectiveness of the urban local bodies, then it has to cover the permanent officials as well as the elected representatives. Secondly, it was observed that the mode and content of training for different categories of people were to be different in response to the specialities of their jobs and responsibilities. Moreover, the officials of the state government concerned with urban development also needed exposure to training and development programmes. The department also keenly felt the need to enlist the involvement of the municipal bodies in assessing their own training needs and in mounting training programmes based upon their perceived needs. The LG & UD Department sought to establish a training unit of its own so that the Department can play "an independent role as the designer, conductor and administrator of certain training programmes as well as a collaborative

role in helping the local bodies to design, conduct and administer certain other kinds of training programme."<sup>19</sup>

It was also felt by the Department that timely and appropriate information was needed for effective decision-making in regard to operational and management control as well as strategic and policy issues for making interventions in the environment of urban growth in the state. Examples of such information were cited as land-use pattern in terms of industries, commerce, residence, traffic and transportation, market value of lands and buildings, inventory of utility services, projects and plans undertaken by various departments of the state government, nature and volume of wholesale business, rural-urban linkage, in-migration and out-migration and so forth. The need was felt to build up institutional arrangement to provide the state government with timely access to these kinds of information.

The purposes of the proposed training unit of the Department were thus conceived in a broad fashion. The tasks visualised included:<sup>20</sup>

- (i) to collaborate with the local bodies in order to assess their training needs;
- (ii) to run developmental programmes for the elected members of the local bodies;
- (iii) to influence the local bodies to ensure that training of the required standard, quality and quantity is provided for employees in each category so that the requirements for trained manpower are met in the short run and long run;
- (iv) to design, conduct and administer, or to assist local bodies to design, conduct and administer, training programmes to perform the task mentioned in (iii) above;

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19. Government of West Bengal, Department of LG & UD, Proposal for Setting up a Training and Research Institute (mimeo), 1981.

20. Ibid.

- (v) to monitor the effectiveness of the training programmes;
- (vi) to initiate, promote, encourage and evaluate experiments and new developments in training and other fields related to training in local government; (for this purpose, it would maintain close liaison with the major management and other training institutions of the country and abroad);
- (vii) to organise seminars and conferences, either independently or in collaboration with local bodies on matters related to urban planning and urban government;
- (viii) to prepare and publish training materials, case studies, text books, manuals etc. and to produce films, slides, maps, charts etc. for the purpose of training;
- (ix) to build up an urban information system in order to provide the state government and the local bodies with timely access to information necessary for taking strategic decisions;
- (x) to conduct research on urban planning and administration;
- (xi) to maintain a library and a documentation centre.

This was a fairly comprehensive, rather ambitious, list of objectives set by the Department for its proposed training-cum-research unit. While choosing the necessary institutional pattern, the Department of LG & UD considered three alternatives:

- (a) an autonomous body registered under the Indian Societies Act;
- (b) a centre attached to a university or an institution like Indian Institute of Social Welfare and Business Management or Indian Institute of Management, Calcutta;
- (c) a directorate under the Department itself.

The first alternative, although having some advantages associated with an autonomous structure, was not accepted, because that would require quite some time to be effective and establish its acceptability to its clients. The second alternative had the advantage of ready-made infrastructure and resource personnel, but seemed to suffer from the chances of the training centre losing its sense of priority and urgency

as a result of organisational compulsions of the mother institution. Moreover, the Department had in the past some "not-very-encouraging experience of entrusting and financially helping the Indian Institute of Social Welfare and Business Management (Calcutta) for running a diploma course in municipal administration for the municipal employees of the state." It was also felt that it was difficult for an outside agency to devote continuing attention to the specific training needs of more than hundred municipal bodies in the state. Hence the choice fell on the third alternative. If a specialised directorate of the Department could be created for training in municipal government and urban development, it could be assured of its immediate acceptability to the clients. Furthermore, being located within the Department, it would have greater possibilities to address itself to the specificities of the tasks of urban planning and administration and would be less prone to drift away from the realities of management function.

The Department of LG & UD submitted, along with its proposal, the details of estimated recurring and non-recurring budgets and of the personnel requirements of the proposed unit. This departmental proposal for setting up the Institute of Local Government and Urban Studies (ILGUS) was considered in September 1981 at a meeting attended by the Secretary of the LG & UD department, Secretary of Metropolitan Development department, Chief Executive Officer of CMDA, Administrator of Calcutta Corporation, concerned deputy secretary and the special officer (training) of the LG & UD Department. It was agreed at this meeting that a state-level training institute called ILGUS was to be set up for meeting the training needs of the municipal bodies, CIT, HIT, CMWSA, LG & UD department and MD department of the state government, and

that this Institute functioning as a directorate would remain under the administrative control of the I.G & UD Department.

It was considered at this stage that there might be some duplication of training efforts, because Calcutta Corporation and CMDA both had already their own separate arrangements for imparting training to their employees. The CMDA's training unit was started in 1974-75 under a Training Officer who was placed under the administrative control of one of the deputy secretaries of CMDA. This unit generally imparts short-term training to the CMDA's middle and junior level technical officers and employees. Calcutta Corporation's training arrangement came somewhat later in 1979-80 when the Corporation set up its own Training Institute for imparting training mostly to the middle-level officers and employees. This training institute of the Corporation was run with the assistance of Indian Institute of Management, Calcutta, as the official consultant to evolve and develop suitable training programmes for the officers and employees of Calcutta Corporation. A retired Commissioner of the Corporation was made its Director and a serving senior officer of the Corporation's personnel department assisted him as the Deputy Director of the Training Institute. Sudden abolition of these two institutions of in-house training facilities within two important institutions of urban development and municipal government was not considered desirable at this stage. It was therefore decided that the in-house training centres of Calcutta Corporation and CMDA were to continue as before catering to the specific needs of the employees of those organisations, but they would be required to work in collaboration with the state-level training institution (ILGUS) in order to avoid duplication of work.

It was further decided that an Advisory Committee, headed by the secretary of LG & UD department, would be set up to oversee and coordinate the activities of the three training institutions, and it would include the CEO of CMDA, Administrator of Calcutta Corporation, Director of Local Bodies, and the Director of ILGUS (when appointed). The officers-in-charge of the training units of CMDA and Calcutta Corporation would be permanent invitees and an officer of the ILGUS would act as its secretary.

The Advisory Committee would i) provide guidelines for drawing up a training plan for the urban local bodies, other urban development authorities, the Department of LG & UD, and the Department of Metropolitan Development; ii) approve the training programmes (including course contents) to be drawn up by the ILGUS; iii) advise on the appointment of full-time faculty members of the ILGUS; iv) approve research projects to be undertaken by the ILGUS; v) monitor periodically the activities of the three institutions and provide guidelines to them to improve their functioning.

#### Setting-up of ILGUS

Within a week of taking this decision at the level of the secretaries of the departments and the heads of the organisations concerned, the departmental note on ILGUS received support and endorsements of the Minister in charge of local government and urban development. But when the case came to the Finance Department, the Finance Secretary expressed himself against the setting up of a new institute at the moment because of general financial constraints and other reasons. Instead, he suggested that the State government's

Administrative Training Institute (ATI), set up in 1978-79 and run by the Department of Personnel and Administrative Reforms, could be asked to take up the work of training in municipal administration and urban development. On request of the Secretary of the LG & UD Department, the matter was "formally" referred in October 1981 to the Director of ATI who advanced two main reasons for agreeing to take up the job: first, ATI is organisationally ready and capable to do the job; and secondly, taking a 'systems' view of investments in training, it would be cost effective to utilise scarce resources and add balancing facilities at ATI rather than go in for new investments. When the Finance Secretary inclined to agree with the Director of ATI, the Secretary of LG & UD department expressed the strong feelings of his department on the matter and explained the reasons for setting up ILGUS as proposed mainly along the following line of arguments:

- (a) In accordance with the state government's urban development policy, the LG & UD Department had been allotting large amounts of money to the municipalities, which is several times more than the funds allotted any time before 1977.
- (b) Thirty-seven municipalities within CMD would be executing the CMDA's schemes worth about Rs. 76 crores during the third phase of the World Bank-assisted CUDP during 1983-84 to 1987-88. The financial load of these schemes alone would vary between Rs. 25 lakh to Rs. 1 crore per year for each municipality.
- (c) Additional development funds would be diverted to the municipalities outside CMD, and the development works would be an extra load on the municipalities in addition to their responsibilities for tax collection, conservancy, normal maintenance of assets and so on.
- (d) In this context the existing poor management capacity of the municipalities needed immediate up-gradation. The training of chairmen, elected commissioners and key employees like executive officers, engineers, health officers, finance officers, head assistants, accountants, overseers and so on had assumed great importance.

- (e) Such training should not be spasmodic in nature. If change in the style, method and culture of work of the municipal organisations were to be achieved, training for the municipal bodies had to be done in a systematic and sustained manner. And systematic and sustained training would be possible only within the Department itself.
- (f) Training would be meaningful - at least for the kind of target group (i.e. elected and official functionaries at municipal level) - if it could be related to the specific job situation. This training could be designed and conducted only if the training organisation had intimate contact with the actual job situation.
- (g) The thrust of ATI is supposed to be on developing administrative and managerial expertise among the generalist and technical administrators of the state government. The environment of local government being substantially different, training in municipal administration and urban development would be substantially different from that needed for state government officials.
- (h) The ILGUS would further cater to the other felt needs of the Department in such areas as research, publication and urban information system. These activities became important for the LG & UD Department in view of the various promotional measures intended to be taken up to improve the management of local bodies.
- (i) The IDA (World Bank's associate) missions have, in all their visits, emphasised the need for creating institutional arrangements for ensuring training facilities for the municipal personnel and substantial funds are available in both second and third phase of CUDP.

After submitting his official note on the above lines, the Secretary of LG & UD department personally took up the matter again with the Finance secretary. Early in 1982 the Finance Department finally agreed to the LG & UD department's proposal that ILGUS may start functioning on a modest scale with the Director of Local Bodies temporarily acting as the ex-officio Director of ILGUS, and the Special Officer (Training) being redesignated as Joint Director to be in charge of day-to-day operations, and the services of an academic expert, called Adviser, being requisitioned on an honorary basis to provide the necessary guidance and leadership to the activities of ILGUS. The rest of the process followed smoothly. The consent of the Finance Minister

was obtained and through the Minister in charge of LG & UD the matter reached the Chief Minister who finally placed it before the cabinet. The cabinet approved the creation of ILGUS in March 1982.

The ILGUS was formally established in May 1982 under the overall control of the LG & UD department of the state government "in order to impart adequate training to the elected and appointed personnel of the urban local bodies" and also "to cater to the needs of research on urban affairs and municipal administration" and publish "monographs, journals etc. and establish an urban information system".<sup>21</sup>

#### Expansion

Once the ILGUS was formally established, the LG & UD department made a fresh case for increasing its staff strength. In June 1982 the secretary of LG & UD department personally discussed with the Finance secretary the need for setting up a wing in the ILGUS for Research, Publication and Urban Information System, and he followed it up with a note asking for the sanction of the basic minimum staff. As the state government was then following some economy measures, it was decided to merge the entire municipal finance cell of the LG & UD department with ILGUS. This cell had been temporarily created in the LG & UD department in April 1982 with some trained staff of the WBMFC to complete its residual work. The Senior Research Officer of the cell joined ILGUS as its second Joint Director. It is learnt that in a face-to-face discussion the secretary of LG & UD department persuaded the finance secretary to sanction the necessary expenditure. By this time the

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21. Vide G.O. 1116/C-3/LSG 2E-145/81 dated 6 May 1982.

finance secretary appeared to be convinced that training of a special nature in municipal administration was necessary in view of the importance attached by the state government to the improvement of management capability of municipal bodies.

However, when the proposal came to the Minister of State for Finance, he seemed to have questioned the increase in staff strength of ILGUS, and the matter apparently seemed to have been stalled. The Director of ILGUS replied to the queries made by the Minister of State by pointing out that ILGUS had been given a very small staff in the beginning and the Institute had to maintain liaison with a number of training institutes in Calcutta and New Delhi, and also with a very large number of municipal bodies and development authorities in the state. When through the secretary of the department the matter came to the Minister of LG & UD, he endorsed the views of the Director (ILGUS) and added that requirement proposed was the minimum necessary and the state government was likely to lose the World Bank grant unless ILGUS could start functioning immediately. It is known that at this stage the General Secretary of West Bengal Municipal Association, who happened to belong to the ruling party and was a veteran municipal chairman, personally met the Minister of State for Finance and requested him to clear the proposal of the LG & UD department. Under these circumstances, the Finance department's sanction, and also the consent of the Chief Minister, was finally obtained.

#### Tasks Ahead

The ILGUS now seems to be organisationally well-settled, though underequipped, for its assigned tasks. It has been estimated that, at

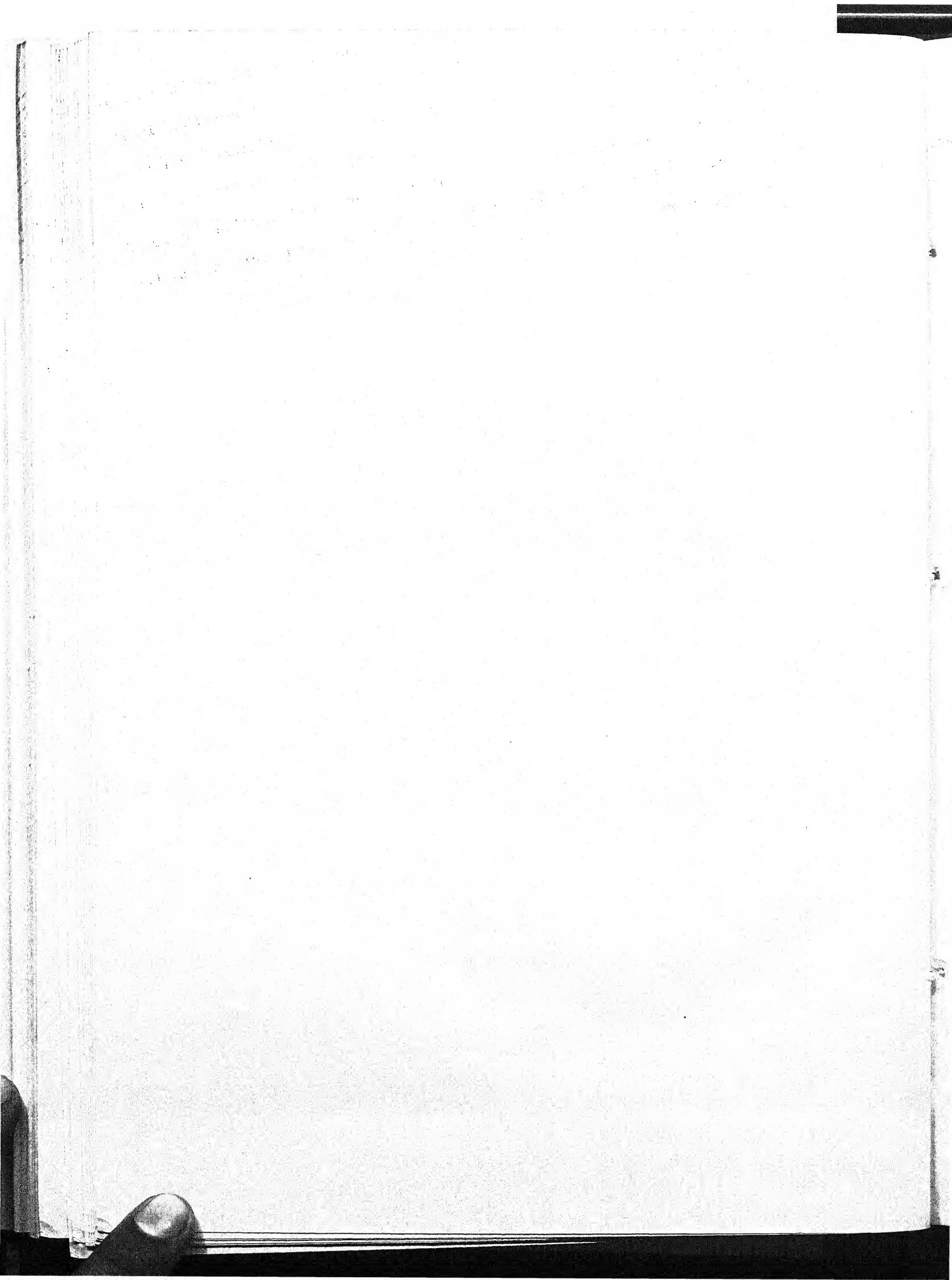
present, there are about 4,500 trainable staff (excluding Grade-IV employees) belonging to CMDA, CIT, HIT and CMWSA who need training: in addition, suitable training has to be arranged for elected leadership and supervisory staff of about 114 municipal bodies in the state.<sup>22</sup> This is, by any standard, a formidable task. Within a year and a half of its creation, ILGUS has already organised about half a dozen training courses and seminars. Moreover, it has also engaged itself in data-collection and research on some particular aspects of municipal administration.

However, the major challenge before the Institute seems to be creating an awareness among municipal bodies about the role of training as an intervention measure for improving their management competence. It is expected also to provide consultancy services to municipal bodies on their organisational problems. Another kind of task is to build up a data bank and conduct research studies in aid of training and consultancy activities. Presumably the satisfactory performance of this task would necessitate larger recruitment for the ILGUS. It has not yet recruited its own faculty nor has it any whole-time Director of its own. How these positions are filled up, and how the relations of these staff with the administrative department of the state government develop would be crucial factors in shaping the future of the ILGUS. Being directly under the administrative control of a state government department, it has to observe the official procedures of getting everything sanctioned through the LG & UD department and the Finance department. This would mean that ILGUS may fall a victim to the operational limitations of a

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21. ILGUS Project Report (1983-84 to 1988-89) (mimeo), October 1982.

government-controlled institution unless sufficient and special care is taken to allow it as much operational flexibility as possible in its working. At its birth, ILGUS seems to have been sufficiently cared for by the Department of LG & UD, but continuation of departmental enthusiasm in, and care for, a training-cum-research institution would expectedly depend upon the attitudes of Minister and Secretary of the Department during the years to come.



CONCLUDING REMARKS

Municipal reform, like any other political and administrative reform, is a slow and difficult process. The world of municipal government and urban development contains powerful interests. These are elected representatives at state and municipal levels, administrative class at the state level, municipal officials, professional bodies, investors in urban land, and even international aid-giving agencies. This world is linked with the central government through bureaucracy and also the party system. Naturally any large-scale or radical municipal reform in any state in India would necessitate many battles to be won before new reforms could be achieved in policy-making and institution-building affecting the management of urban development.

Emerging Highlights

The central issues which appear to have been raised through the various municipal reforms in West Bengal during the period 1977-78 to 1982-83 included local democracy or accountability of municipal government; efficiency in municipal management; decentralisation of powers and devolution of resources; increasing public welfare, especially of the urban poor; greater mobilisation of, and reliance upon, local resources; and public participation in urban planning and development. All these are laudable objectives in the context of democratic functioning of the polity, but none of them can be pursued separately from one another. All the groups and organised interests are

not affected in similar ways, and therefore their reactions would be different. If the state government as the reformer is to be successful in introducing changes or reforms, it has to be practical and accept compromises. Reforms would be impossible in a democracy if they create widespread hostility towards them, and government has to be cautious and compromising in order to push through the maximum acceptable degree of reform.

In the 1970s and early 1980s in West Bengal the debate on municipal reform was not about "whether" to reform. There seemed to be universal agreement that reforms were necessary. But the point was 'how far' and 'in which direction' municipal reforms should go. Broad-based and principled political opposition was practically absent; but opposition based on personal viewpoints, professional group interests, or vested interests in urban land market was evident.

The municipal reforms in West Bengal did not come as a package policy on municipal government and urban development. These came in doses and, therefore, did not give rise to any general opposition to municipal reform as such. There were parliamentary noises in the state legislature but no persistent public campaign against any of these reforms could be seen during this period.

The government proposals for reform, on the other hand, were never preceded by any public debate carried out in press and public platforms. The journalistic comments were limited, and editorials on some of the proposed reforms were both few and indecisive. The initiatives for reforms did not come from within the municipal world. Most of these municipal reforms had been suggested either by the urban planners and

experts in urban economics or insisted on by the visiting teams of the World Bank.

The state government seemed to have no definite policy perspective on municipal reforms. The divergent approaches on municipal management structure adopted for Calcutta and Howrah Corporations and for district municipalities, or different structures of property taxation adopted in the legislations on Calcutta and Howrah Corporations are the best illustrations of this point. Reforms like the setting up of the CVB seemed to have never been taken very seriously because opposition to the CVB was widespread. Quick changes in the CVB's chairmanship, prolonged vacancies in the membership of the CVB, and absence of any government notification for specifying the area(s) of the CVB's operation abundantly make it clear that the reformers agreed to the creation of such an institution only because pressure came from outside. On the other hand, where the government felt the urgency, it acted very swiftly. A hastily-drafted, sketchy policy statement on urban development strategy was quickly implemented in the hope of building necessary support structure for the combination of the ruling parties in urban areas of the state.

Whatever municipal reforms have been introduced as part of the Left Front's declared policy of waging war against underdevelopment of the urban areas and maladministration in the municipalities were essentially aimed at system maintenance and correction rather than system replacement. Despite so many reforms, the pattern of management in the district municipalities essentially remains the same as before. The innovation of the Mayor-in-Council type of management structure for

vesting executive powers in responsible political leadership has not been considered suitable for the district municipalities. The elections to Calcutta and Howrah corporations are alleged to have been postponed several times on party political considerations. The result of this experiment with the Mayor-in-Council system is to be observed before coming to any conclusion about the efficacy of this management system in municipal government.

The only point on which the Left Front government seems to have made known its firm policy decision was to allow public participation in urban development and municipal government. This appears to be a crucial aspect of municipal reform policy and the state government did not yield to any special pleading against it. On other details, the government did not defend its initial proposals to the last ditch. Compromises were made in various aspects of the bills on Calcutta and Howrah corporations and of the Bengal Municipal (Amendment) Bill during the select committee stage which provided opportunities for intimate and detailed discussions on the bills. The reformers preferred to be pragmatic whenever any genuine incongruity in reform proposal was pointed out by some experts or academics, by some backbencher of the ruling Front or even by some member of the political parties in opposition. But the same degree of openness and magnanimity of attitudes could not always be noticed in the decision-making by the executive. For example, at the time of formulating the revised grant structure for municipal bodies, there was no consultation with the municipal bodies or discussions within the party, even though the government's final policy departed in some fundamental respects from the

recommendations of the Municipal Finance Commission. It seems that the voice of bureaucracy and the pressure of the external aid-giving agency clinched the issue.

In pushing through the reform proposals the LG & UD Department preferred to follow the strategy of reform by stages. When it required huge sanctions from the Finance department, it proceeded step by step, for introducing a reform proposal and behaved very diplomatically in dealing with sister government departments and agencies. The case of the establishment of ILGUS very well illustrates this point.

It was during this period that the state government in West Bengal, for the first time, showed its willingness to address seriously the problems of urban management identified by the World Bank. Some of the narrow ideological considerations were not allowed to stand in conducting negotiations with the World Bank for financial and other assistance. Some of the reforms were, in a sense, overdue. The need for strengthening management capability of municipalities began to be felt right from the very beginning of CMDA's development activities and the matter assumed urgency with the state government's policy-decision to associate the elected municipal bodies with the implementation of urban development projects.

Two simple but important questions had presented themselves for proper answer right at the beginning of 1970s: first, can municipal government handle more development responsibility?, and secondly, would the state government allow municipal bodies to do it? With the CUDP-I coming to a close in 1977-78 the pressures became acute to find positive answers to these questions. It became plain that there were continuing

cost burdens associated with the assets created, that the benefits of the investments made could not be realised without proper operation and maintenance, and in many cases the maintenance and operation of the assets were local functions. Thus it appeared to be in the interest of the state government to vest more functional responsibility in the localities and delegate more financial responsibility to them as well. The credit of the reformers lies in their readiness to face this challenging situation. An additional factor was the political determination to associate popularly elected representative bodies with urban development activities.

However, after reviewing the methods and manners in which the several municipal reforms have been introduced and implemented in West Bengal during this period, one can conclude that the state government's scepticism about the capability of municipal bodies still continues. A certain amount of ambivalence in the attitude of the state government towards municipal government really becomes difficult to ignore. Apparently the state government proclaims its desire to strengthen the municipal bodies in the state, but its policies of vesting resources in the hands of the municipalities do not appear that much liberal. Even the state government has not taken any bold policy decision of devolving more powers to municipal government in order to improve its status.<sup>1</sup>

One can even raise the question of legitimacy of some of the municipal reforms undertaken because... the ways these have been brought about. The extra-legal pattern of influencing the political leadership and the state bureaucracy, as could be noticed in the drafting of the

1. For a general discussion on the status of municipal government in India, see Asok Mukhopadhyay, "Status of Municipal Government", Nagarlok(New Delhi), XV(3), July-Sept. 1983.

bill for Calcutta Corporation in semi-official secrecy, or in authorising the CVC to spend lakhs of rupees in appointing private consultants for advising on the base of property taxation at a time when the Municipal Finance Commission had already been seized of the problem, raises serious questions about the honesty of the motives and the legitimacy of the modus operandi of the different forces involved in the process of bringing about various municipal reforms.<sup>2</sup>

Again, doubts persist about the state government's intention and motives behind the way the CVP is being run since its inception. The state government seems to have agreed to establish the CVC on the strategic consideration of satisfying the World Bank's terms and conditions. This particular piece of institution-building does not seem to be based on any strong appreciation of the need for reform. The inevitable has happened: institutionalisation in this respect has fallen much below expectation.

So far as the process of institution-building is concerned, the lack of a total perspective of the reforms proposed is quite evident. The present analysis of the various municipal reforms undertaken in West Bengal shows that a certain amount of distortion has taken place in building municipal institutions. The emphasis put in the new legislations for municipal corporations has been on providing political leadership for city management; but there has been till now no efforts to provide for the same pattern of political leadership in the management of district municipalities. Rather the control of the state

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2. Abhijit Datta, "An Area-Based Property Tax in India: Advocacy for Reform in West Bengal", Nagarlok (New Delhi, XV (3), July-Sept. 1983).

government over the functioning of these bodies of urban government has been on the increase in a subtle way. Then, again, the changes in the system of urban planning and development have given to the CMDA a disproportionately bigger role in managing urban development in Calcutta metropolitan area vis-a-vis the Calcutta Municipal Corporation, which is the premier municipal body in the state, and other municipalities. The CMDA is not, in any case, a representative government enjoying a regional/metropolitan jurisdiction. It cannot claim to represent the metropolitan interests in the political sense. The case is indeed very strong for constituting a metropolitan authority in Calcutta region having a total population of more than 9 million, but the CMDA, as it is constituted today, certainly cannot satisfy the democratic criterion of a metropolitan government. The state government till now has shown no enthusiasm for democratisation of the CMDA or for constituting a metropolitan government in Greater Calcutta region.

Secondly, the political leadership pushing through municipal reforms in West Bengal is found to have yielded whenever they have confronted some powerful pressures, whether from the World Bank or from the bureaucrats and technocrats within the LG and UD Department of the state government. Short-term calculations in party political interests seem to have got an upper hand in shaping and implementing reforms proposals and in institution-building in the field of municipal government and urban development. In order to be successful, however, reformers "need to promote a climate that encourages initiative, combat mediocrity, and avoid wasting potential and talents."<sup>3</sup> There is little

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3. G.E. Caiden, Administrative Reform (London: Allen Lane the Penguin Press, 1970) P.XI.

evidence to show that the municipal reformers in West Bengal have tried to rise up to this standard. What is most lacking in them is a well-thought-out, consistent policy of municipal reforms in general. Piecemeal reforms and ad hoc measures have sometimes been adopted with a view to subserving some immediate party political interests. The recent absorption of certain contiguous municipalities into Calcutta Corporation but leaving out Salt Lake, which is the most urbanised area contiguous to the corporation area, is a glaring instance of reforms in party political interests and distortion of reform measures in face of strong pressures from bureaucracy and other well-to-do elite sections. Perhaps the municipal reformers in West Bengal prefer to be very much practical as they presumably believe that no reform can be successful if undertaken on grounds of technical consistency, efficiency or economy alone.<sup>4</sup>

Moreover, there are dangers of duplication in institution-building in a reform strategy which prefers to create new institutions for the sake of it rather than making honest and efficient use of the established institutions. Setting up new institutions also involves the risk of handling unknown elements. Both the strategies of using existing institutions and creating new institutions have their own defects and advantages, and it is rather impossible to express any clear preference without reference to specific circumstances. Reformers need to be practical in assessing the workability of the remedies proposed.

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4. Machiavelli sounds remarkably relevant in this context: "There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle than to initiate a new order of things. For the reformer has enemies in all who profit by the old order, and only lukewarm defenders in all those who profit by the new order". (The Prince).

Municipal reforms, like any other administrative reforms, should not normally bother with theoretical perfection if such perfection appears practically unachievable in a given situation. Because reform of any kind is a continuous process, there cannot be any final word as long as capability of imagination and willingness to innovate can be found among reformers. Municipal reform, like reform in other branches of government, has also to be a continuing exercise.

The municipal reforms undertaken in West Bengal during the period under review appear to be fairly comprehensive touching upon various aspects of urban development and municipal government. But the implementation of most of the innovating reforms has been tardy. The political will to decentralise power from the state government to municipal government has not gone to any satisfactory length; divergence from the declared objectives can be noticed in the implementation process; a consistent approach to possible reforms in municipal management is not quite noticeable; the bureaucrat and non-official vested interests seems to have considerable influence on both policy-making and implementation of the reforms of urban development management and municipal government. Most of these deficiencies would not have been there if there were some "open system" of comprehensive local government reform, including proper planning, thorough publicity, public debate, and sincere implementation.

#### Areas of Further Research

The recent municipal reforms in West Bengal, however tardy and incomplete may have been their implementation, seem to have revived a sense of legitimacy in municipal government as such. Today the municipal

bodies in West Bengal have acquired more prestige than they used to have earlier. These elected institutions of urban government are no longer seen as dispensable political institutions. The state government is known to have been seized with the task of modernising the half-century old Bengal Municipal Act (1932). A committee consisting of officials, academics, and representatives of municipal bodies has been set up in August 1983 for drafting a new legislation in respect of the district municipalities.<sup>5</sup> The government has further set up another committee consisting of officials, accounts experts and one representative of municipal bodies for examining different aspects of the municipal budgeting and suggesting modifications and necessary amendments of the existing rules.<sup>6</sup>

In fact, reform proposals never totally fail. Even if these are not fully implemented, these help expose the dated and backward-looking nature of the existing policies and institutions and bring forth an awareness of the need for abandoning the old and the traditional. The tempo of reforms in municipal government and urban development in West Bengal has created an atmosphere in which further research in other reforms already undertaken seems to be called for.

First of all, restoration of elected boards in municipalities throughout the state after a lapse of fifteen to twenty years constitutes a major reform, so to say. Currently there are only four municipalities (Kurseong, Darjeeling, Berhampore, and Budge Budge) in

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5. Vide LG & UD Dept's resolution no. 1379/C-4/M3C-1/83 dated 1.8.83.

6. Vide LG & UD Dept's resolution No. 1089/C-2/38-15/83 dated 7.6.83.

the state which remain superseded because of some legal and technical reasons. Elections to the superseded Calcutta Municipal Corporation and Howrah Municipal Corporation are expected shortly. Newly-created municipalities have been put in charge of nominated boards (and not bureaucrat-administrators). Some of the notified area authorities and town committees are shortly to be upgraded into municipalities. The West Bengal Municipal Association, the official forum of the elected municipalities, has started functioning as an effective body representing the views and aspirations of the municipalities. As a matter of practice, the office-bearers of the Association hold regular meetings with the Minister to discuss problems of municipal government and press for certain changes in government rules affecting the municipalities. How the elected leadership in municipal boards actually functions can be an interesting subject of research.

Secondly, the policy of the state government in regard to municipalisation of new urban areas needs to be examined. During the last five years the rate of municipalisation of non-municipal urban areas has considerably increased. Whereas the number of new municipal bodies created during 1947-58 was nine (9), it was five (5) during 1958-68, only one (1) during 1968-78, and as many as eleven (11) during 1978-83. However, there are still quite a few large towns having population near or over 50,000 which have not yet been given any municipal status. Interesting insight is likely to be gained by seeking answers to the question why some well urbanised areas have not been municipalised whereas other less urbanised areas have been quickly municipalised.

Thirdly, the functioning of some advisory bodies concerned with urban development needs a close scrutiny. One such body is West Bengal

Land-use Board which has been created by an executive order as a central advisory body to tender technical advice to the government in respect of any proposal of land-use for urbanisation. Currently, this Board has one retired ICS officer as its chairman and one officer taken on deputation from Geological Survey of India as its director. It is known that the Board has already advised against the proposal for further reclamation of Salt Lake areas for extending the Salt Lake (Bidhan nagar) township on technical-scientific considerations.

Last of all, reorientation of the traditional types of urban development institutions like Calcutta Improvement Trust, Howrah Improvement Trust, and Calcutta Metropolitan Water and Sanitation Authority offers another area of research. The reasons and circumstances leading to the change in the role of these institutions of urban development and their relations with the revived municipal bodies need to be looked into in order to have a comprehensive view of the reforms in urban development and municipal government in West Bengal. It has recently (February, 1984) been decided at the cabinet level to integrate these bodies with the CMDA.

Another very challenging area of research would be to discover the real nature of the nexus between different interest groups and the municipal reformers. If the relations between them could be unravelled and properly documented, it would unravel the nature of the politics of municipal reforms. The present study has merely dropped some hints in this respect and it would require more time, greater resources and finer research skills to go deeper into the nature of the interplay between the various interest groups concerned with urban development and the reformers of municipal government.

### General Conclusion

Going beyond the facts of the case study presented here, the final conclusion that emerges out of the present study of West Bengal's recent reforms in urban development and municipal government is that there is no total perspective of municipal reforms in West Bengal today, which can offer suitable guidelines to individual reform measures. Public participation in the management of urban development has proved to be some sort of glib talking. The basic idea has not been concretised by elaborating the actual role envisaged for the elected municipal bodies in urban planning and development. It has never been made clear even on policy level whether municipal government is being visualised as the primary agent of urban planning and development in the state. The individual reform measures so far perfunctorily undertaken and the ways in which some new institutions have been half-heartedly started indicate the total absence of any firm political commitment to improve the status of municipal government as a level of decision-making and implementation in respect of urban planning and development. In fact, the extent of municipal involvement in urban planning and development is still now marginal and inconsequential, and the new system of grant-in-aid is far from being a measure for devolving resources in the hands of autonomous municipal bodies. In this context, public participation in urban development sounds no more than a slogan. The same lack of commitment to decentralise powers of urban planning and management of urban development is betrayed in the incongruities between the Town and Country Planning Act (1979) and the new legislations for the municipal corporations of Calcutta and Howrah. The state government, through its actual programmes of activities and

concrete administrative decisions, is seen to have refused to decentralise effective powers of urban planning and management of urban development. Quite naturally, then, the honesty of motives of the reformers as well as their sincerity of purpose in enforcing the new legislations, implementing the new policies and building new institutions remain questionable. Some palpable contradictions between different reform measures and the apparent gap between the declared purposes and actual implementation of the reform measures cannot be satisfactorily accounted for in any other way.

It is true that the importance and urgency attached to the reform activities in urban development and municipal government in West Bengal by the Left Front-controlled state government cannot be found elsewhere in India. But, then, it may be reasonably asked why such a gap has developed between what is proclaimed and what is finally achieved. There are certainly many reasons: one can at best make certain intelligent guesses about them.

The most important fact is that the Left leadership at the state level are ideologically committed to defend as much public participation as possible in urban development and municipal government. But at the same time they are not, in practice, prepared to introduce genuine decentralisation and realise autonomy of local government. From a practical point of view, they had to make frequent compromises because of pressures coming from a variety of quarters, namely, bureaucracy, private owners of real estates, and even international aid-giving agency... So some innovations had to be accepted, although these were never seriously intended to be implemented fully. Their radicalism prompted them to accept the management structure of Mayor-

in-Council but doubts persist if it would be given any fair experiment.

Secondly, investments in urban development had been negligible in West Bengal till very recently and the financial and managerial conditions of municipal government here had been very precarious. The majority of municipal bodies, including the premier municipal institution of Calcutta corporation, had been maintaining moribund existence. The Leftists had all through protested against the attitude of neglect of the previous state governments controlled by the Congress party towards municipal government. So when they came to power they felt somewhat honour-bound to introduce reform measures for invigorating the municipal bodies. And the best way to do so appeared to channelise larger investments for urban development through these popular institutions of urban government.

Thirdly, the urgency in spending larger amounts of money for urban development was dictated by their political desire to build up their support structure in the urban areas. If larger funds for urban development could be channelised through elected municipalities which the Leftists control, they would find it easier to strengthen their mass appeal as well as nurture committed supporters in locally elected urban leadership. This explains, to a large extent, both the sense of urgency and the haste with which certain reforms in urban planning and development have been pushed through.

Fourthly, the insistence of the World Bank in introducing certain reforms in urban development and municipal government has been stronger

and more persistent in West Bengal than elsewhere in India because of the very large quantum of international aid involved and the anxiety of the aid-giver to see that their aid is properly used. The pressures for creating centralised valuation authority or state-level training institute have not been exercised on other states which have received smaller amount of international aid for urban development. So certain reforms had to come in West Bengal because of external compulsions but there has been no inherent desire to translate them successfully in actual practice.

Finally, it would not be unreasonable to infer that the Left Front government does not incline to view municipal government as an autonomous local government competent to decide upon local priorities and make local choices in planning and development on behalf of the local community. Perhaps municipal government is viewed by them just as an instrument of implementing the decision taken at the state level and the reforms are intended to make it a better instrument for compliance with the decisions of the state government. It is this purely instrumentalist view of municipal government which emerges out of all the reform activities of the Left Front government in West Bengal, and such a view of local government nicely fits in with the theory and practice of local government in the socialist countries.

It is interesting to note that the same set of leaders who cry hoarse to demand larger decentralisation for reallocating more powers and financial resources from central government to state government are not at all prepared to open any genuinely new chapter in state-local relations by devolving more competence and commensurate finances to municipal government. The recent reform endeavours in

West Bengal do not visualise municipal government as a legitimate level of government competent to make local choices on behalf of the local community in respect of urban planning and development. The demand for constitutional recognition of the status of municipal government becomes relevant and assumes great urgency in this context. In fact, there seems to be no reason why municipal government should not be given the status of a co-equal partner with a department of the state government. Municipal reforms would benefit municipal government only if these reforms aim at buttressing the entitlement of municipal government to give effect to local choices in planning and expenditures; otherwise there is hardly any point in having municipal government as such.

The universal aim of administrative/political reforms has been to achieve democracy and efficiency. Democracy includes the idea of "responsible" government which has three implications:

- (a) government is to be "responsive" to public demands;
- (b) government is to be "accountable" in the sense of seeking judgement on its performance; and
- (c) government is to be "participatory" allowing scope for public participation in the decision-making process.

A responsible municipal authority can therefore be defined as one which enjoys electoral legitimacy, seeks judgement of appropriate bodies or of people at large on its performance, and allows scope for meaningful public participation in influencing the local discretion about planning and expenditures. Responsible municipal government is

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5. A.H. Birch, The Idea of Responsible Government, University of Hull, 1962.

certainly not a council which is elected but powerless to make its own choices about the nature of its outputs and is only concerned with "sweepers and dustbins" business. That is to say, responsiveness, accountability, and public participation have to be achieved simultaneously if any kind of government is to be made "responsible". Democracy and functional effectiveness seems to be interlinked. In this sense, the question whether the municipal reforms recently undertaken in West Bengal would help create "responsible" municipal government remains wide open.



## APPENDIX - I

Main Features of the Municipal Corporation Acts of Calcutta and  
Mumbai.

Municipal Corporation Act  
Calcutta Act  
Mumbai Act

### 1. Municipal authorities:

- Corporation
- Mayor-in-Council
- Mayor
- 2. Corporation consists of
  - 100 elected councillors
  - CEO of CMC
  - Chairman of MIA
  - 5 aldermen elected by the councillors
- 3. Mayor and Chairman are elected by the councillors from among themselves
- 4. Executive powers are vested in Mayor-in-Council which is collectively responsible to the Corporation
- 3. Same
- 2. Corporation to consist of
  - 50 elected councillors
  - CEO of CMCA
  - Chairman of MIA
  - 3 aldermen elected by the councillors
- 1. Same

The Calcutta Bill was finally passed by the state legislature on 6 May 1960 and the Howrah Bill on 4 September 1960. Both the Bills received the assent of the President of India in December 1961.

Contd...

Calcutta Act

Howrah Act

5. Mayor-in-Council consists of
    - Mayor
    - Deputy Mayor
    - Not more than 16 other elected members of the Corporation.
  6. Municipal Account Committee consists of
    - 5 to 7 members elected by the Corporation on proportional representation basis by secret ballot
    - 2 external experts nominated by the Corporation.
  7. Borough Committee (10), each borough comprising ten contiguous wards.
  8. Borough Committee consists of the councillors elected from the concerned wards, excluding those included in the Mayor-in-Council.
  9. Borough Committee elects its own chairman and functions under the general supervision and control of the Mayor-in-Council.
  10. Borough Committees are given wide responsibilities than in Calcutta.
5. Mayor-in-Council consists of
    - Mayor
    - Deputy Mayor
    - such number (not exceeding five) of elected members of the Corporation as may be specified by the state Government.
  6. Municipal Accounts Committee consists of
    - 3 to 5 members elected by the Corporation on proportional representation basis by secret ballot
    - 2 external experts nominated by the Corporation.
  7. Borough Committees (5), each borough comprising ten contiguous wards.
  8. Same
  9. Same
  10. Borough Committees are given narrower responsibilities than in Calcutta.

Calcutta Act

Kourah Act

11. Mayor-in-Council may constitute consultative committees to advise it in the discharge of its functions; each such committee consists of not more than 5 elected councillors.

11. No provision for consultative committees.

12. Statutory officer of the Corporation include (i) Municipal Commissioner, (ii) a number of Joint Municipal Commissioners as Mayor-in-Council may determine; (iii) Controller of Municipal Finances & Accounts; (iv) Chief Municipal Auditor; (v) Municipal Engineer-in-Chief; (vi) a number of Deputy Municipal Commissioners and Chief Municipal Engineers as Mayor-in-Council may determine; (vii) Chief Municipal Architect & Town Planner; (viii) Chief Municipal Health Officer; (ix) Chief Municipal Fire Officer; (x) Municipal Secretary.

- (i), (ii), (iii), and (iv) to be appointed by the state government in consultation with the Mayor-in-Council from among present or retired government servants; or by the Mayor-in-Council in consultation with State Public Service Commission, if so directed by the state government;

- (v), (vi), and (vii) to be appointed by the state government in consultation with the Mayor-in-Council from among present or retired government servants; or by the Mayor-in-Council in consultation with State Public Service Commission, if so directed by the state government.

- no provision of appointment "by Mayor-in-Council with prior approval of the state government, from amongst officers of the corporation", as in Calcutta.

Contd... .

Calcutta Act

Howrah Act

- (v) to (x) to be appointed by the Mayor-in-Council in consultation with State Public Service Commission; or by the state government in consultation with Mayor-in-Council from among present or retired government servants.
- (iv) to (vii) to be appointed by the Mayor-in-Council in consultation with State Public Service Commission (no provision of appointment by the state government in consultation with the Mayor-in-Council from among present or retired government servants).
13. Corporation to constitute Municipal Service Commission. 13. Same
14. Separate lists of "obligatory" and "discretionary" functions of the Corporation. 14. No such separate lists of functions.
15. Mayor to alienate business of the Corporation among the members of Mayor-in-Council. Special power of the Mayor to execute works which ordinarily requires approval of the Corporation or Mayor-in-Council. 15. Same
16. Municipal Commissioner as the principal executive officer of the Corporation is subject to the supervision and control of the Mayor. 16. Same
17. Municipal Commissioner assigns duties to, and exercises supervision and control over all officers and employees of the Corporation. 17. Same, except that the Commissioner is not to exercise supervision and control over the Chief Auditor.

Contd...  
14

13. Commissioner is the custodian of all records other than papers and documents relating to the proceedings of the Corporation, of the Accounts Committee, and of the Mayor-in-Council.
- Committee (records of the proceedings of Mayor-in-Council has not been excepted as in Expt.).
14. Municipal Secretary is the Secretary to the Corporation and Accounts Committee.
15. Details about execution of works, sanction of estimates, contracts, and general conditions of exercising financial powers by the Corporation, Mayor-in-Council, and Commissioner laid down in the statute itself.
16. Sixteen grounds of general disqualification for being elected councillor or alderman or member of any committee mentioned in the statute.
17. Election business and procedures are described in much details.
18. Quorum necessary for Corporation meetings is one-fifth of the total members.
19. Supersession of the Corporation on grounds of incompetency, persistent default in performing duties, exceeding or abusing its powers; the government or supersession has to state the reasons for supersession and is to be published in the Official Gazette;
- supersession would be for a period not exceeding twelve months and the maximum period would be eighteen months.
20. Rules governing the financial powers of the Corporation, Mayor-in-Council and Commissioner are to be prescribed by rules, and are not laid down in the statute itself.
21. Only five grounds of general disqualification mentioned in the statute.
22. Election business and procedures are left to be prescribed.
23. Quorum necessary for Corporation meetings is one-fourth of the total members.
24. Same

Calcutta Act

Howrah Act

25. No provision for partial supersession in respect of certain functions specified by order.

26. For supersession to take place,  
(a) notice is to be given to the corporation, specifying the period for submission of representation by the Corporation against proposed supersession;

(b) State government is to constitute a committee of not more than five persons nominated by it for considering the Corporation's representation and reporting within a specified period;

(c) State government is to consider the Corporation's representation and the committee's report.

27. Straightway supersession of the Corporation if it is rendered unable to function owing to the Mayor having lost majority support in the Corporation.

28. Municipal Fund shall be maintained in five accounts: (a) General; and also (b) Water Supply, Sewerage and Drainage; (c) Road Development and maintenance; (d) Bustee services; (e) Commercial projects. Details of items to be credited to these accounts are mentioned in the statute.

27. No such provision.

(c) State government to consider the Corporation's representation.

28. Municipal Fund shall be maintained in four accounts: (a) General; and also (b) Water Supply, Sewerage etc.; (c) Road development and maintenance; (d) Bustee services; (e) Commercial projects. No provision for an account of commercial projects. No details of items to be credited are mentioned in the statute.

29. Annual budget to be adopted by 22nd March every year.

29. Annual budget to be adopted by 2nd March every year.

Contd...

**Calcutta Act**

**Howrah Act**

30. With previous sanction of the state government, the Corporation is empowered to raise, by a specific resolution, a loan by issuing debentures or otherwise on the security of the consolidated rates or of the taxes, surcharges, fees and dues or on the guarantee of the state government.
31. Extra safeguards added on the use of loan money: it cannot be used for (i) any purpose other than that for which it has been raised without prior sanction of the state government; (ii) for payment of salaries and allowances to officers/employees.
32. Limit to raising loans fixed at 15 percent of the annual value of lands and buildings as determined by the Corporation.
33. Corporation is empowered to raise short-term loan from State Bank of India (with prior sanction of the state government).
34. Corporation is empowered to consolidate loans.
35. A separate Sinking Fund in respect of each loan; the state government is empowered to attach Municipal Fund for securing payment into Sinking Fund.
36. Monthly internal audit by Chief Municipal Auditor who is to report to the Municipal Commissioner; (i) Other audits as required by the Municipal Commissioner.
30. Same
31. No such provision of safeguards on the use of loan money.
- (i) any purpose other than that for which it has been raised without prior sanction of the state government;
- (ii) for payment of salaries and allowances to officers/employees.
32. Same
33. No such power of the Corporation.
34. No such power of the Corporation.
35. Same
36. (a) Monthly internal audit by Chief Auditor who is to report to Mayor-in-Council; (i) Other audits as required by the Mayor-in-Council.

Contd. . .

Calcutta Act

Borarh Act

37. Chief Municipal Auditor's powers and jurisdictions are prescribed in detail.

37. Chief Auditor's powers and jurisdiction are not described in detail.

38. Corporation accounts are to be audited by the auditors appointed by the state government; such audit reports are to be placed before Municipal Accounts Committee.

38. Same

39. Government auditors are empowered to disallow, surcharge and charge against any illegal payment made.

39. Same.

40. Corporation is empowered to tax lands and buildings, professions, trades and callings, advertisements other than newspaper advertisement, and levy a toll.

40. Corporation is given the same taxing powers as in Calcutta Act; in addition, the Corporation is empowered, with the sanction of the government to levy tolls and establish toll-bars on any public street for recovering (a) expenses for reconstructing such streets, (b) interests on such expenses, and (c) capitalised value of the estimated cost or maintaining such streets.

41. The structure of property taxation at a consolidated rate varying from 11 percent to 40 percent on the annual rental value of property according to "straight line system"; the formula of calculating percentage rate of taxation is as follows:

$$\text{Percentage rate of taxation} = \frac{\text{ARV}}{600} + 10$$

(the sum rounded off to the nearest first place of decimal)

42. Exemption from taxation is permissible in cases of properties valued upto Rs. 300/-.

42. Exemption from taxation is permissible in cases of properties valued upto Rs. 100/-.

Contd...

43. The highest rate (40%) is applicable on all properties whose annual rental valuation exceeds Rs.18,000/-.

43. Same

44. Surcharge, not exceeding 50 percent, is to be levied on properties used for commercial or non-residential purposes; exemption is allowed in cases of use for educational, medical, public health, cultural or sports purposes (maximum permissible exemption is upto 75% of the surcharge).

44. Same; but 10 percent of surcharge amount is to be credited as water rate.

45. Relate of 25 percent is allowed in the consolidated rate for first three years on newly-constructed buildings used for residential purposes.

45. No such provision.

46. Consolidated rate is to be levied on improved business @ 18% and on other trustees @ 15%.

46. Consolidated rate is to be levied on improved business @ 10%.

47. The basis of assessment is the annual valuation deemed to be the gross annual rent at which the property might be reasonably expected to let from year to year, less 10 percent allowance for repairs etc.

47. Same

48. Valuation and assessment is to be made by the Municipal Commissioner; or by the Central Valuation Board, if the state government so directs; valuations are to remain valid for six years.

48. Same.

49. Power of revaluation during the six-years period is given to the Mayor-in-Council, but the occasions or reasons for revaluation are statutorily specified.

49. Power of revaluation is vested in the Mayor-in-Council but the occasions or reasons are not specified in the statute.

Contd... .

**Calcutta Act**

**Nowrah Act**

50. The objections to valuations are to be heard and determined by an officer appointed by the state government, and appeals against order made by the officer are to be heard and disposed of by Municipal Assessment Tribunal; such a Tribunal, to be appointed by the state government, consists of a chairman and other members not exceeding five.
51. All public streets, including footpaths, have been classified into six categories; compulsory provision for a Municipal Streets Technical Committee with the Municipal Commissioner as its chairman.
52. Compulsory provision for Municipal Building Committee with the Municipal Commissioner as its chairman for scrutinising building applications; basic guidelines for such scrutiny are given in the statute for maintaining the aesthetic quality of urban and environmental design.
53. Municipal Building Code may be framed by the state government for regulating/restricting the use of buildings or sites.
54. Municipal Building Tribunal is to be set up by the state government.
55. Corporation is empowered to undertake commercial projects.
50. No provision for any assessment tribunal; the objections to valuations are to be disposed of by an authority appointed by the Mayor-in-Council.
51. No such provision for classification of streets and no provision for any street technical committee.
52. No such provision for building committee or of any guidelines for scrutinising building applications.
53. Same
54. Same
55. No such provision for municipal commercial projects.

Appendix - II

List of Powers of the Director of Local Bodies

The Director of Local Bodies in West Bengal currently (1983) enjoys the following powers to:

- (1) divide any municipality into wards and to determine the number of commissioners for each ward;
- (2) publish the names of persons elected or appointed as chairman, vice-chairman or commissioners in the official gazette;
- (3) approve the delegation of duties and powers to the vice-chairman by the commissioners of a municipality;
- (4) sanction absence of the chairman or vice-chairman from duties during any one year for more than three months allowable by way of leave;
- (5) accept the resignation of an appointed chairman;
- (6) enquire whether a commissioner had violated his oath of allegiance;
- (7) enquire whether a commissioner had any reasonable cause for being in arrears in the payment of rates and taxes for more than six months;
- (8) allow a commissioner an opportunity of being heard before his removal from office;
- (9) decide disputes between the commissioners of a municipality and any other local authority, and to decide appeals preferred by the commissioners of any municipality against the decision of a Joint Committee;
- (10) exclude any street, bridge, sewer or drain from the operation of the Bengal Municipal Act, 1932;
- (11) vest certain public institutions and all their furniture and other articles in the commissioners of a municipality;
- (12) grant permission to a municipality to open an account in a bank upto a ceiling of Rs. 2 Lakh;
- (13) sanction the incurring of certain expenditures by the commissioners of a municipality beyond the limits of the municipality, and to sanction the creation of scholarships by the commissioners of a municipality to be tenable outside the limits of the municipality;

- (14) make contributions towards expenditure incurred by the commissioners of any other municipality, or incurred out of any public funds for any public purpose or for measures affecting public health, comfort or convenience of the public, and to make a contribution to the National Defence Fund;
- (15) authorise the expenditure of surplus moneys for some specified or general public purpose;
- (16) approve the scale of fees in respect of the issue and renewal of certain licenses;
- (17) appoint the assessor in case of default;
- (18) sanction the increase of fees to be paid for registration of carts;
- (19) decide disputes between the commissioners of two or more municipalities regarding any claim to levy cart registration fees;
- (20) sanction the declaration of a ferry to be a municipal ferry;
- (21) sanction the leasing out of a municipal ferry for more than three years;
- (22) exercise some special powers relating to building lines and street alignment;
- (23) sanction the closing of a public street to cart or motor traffic for more than six months;
- (24) approve pilgrimage fees charged by a municipality towards the cost of special scavenging arrangements;
- (25) sanction the construction of drains outside the limits of a municipality;
- (26) sanction the supply of water to a local authority or other persons outside the municipality, and to approve the terms of such supply;
- (27) exercise some specified powers relating to the use of building sites and execution of building work;
- (28) hear appeal from any person aggrieved by the orders of the commissioners of a municipality for demolition or alteration of insecure and insanitary buildings;
- (29) require the commissioners of a municipality to make bye-laws for certain purposes;
- (30) approve the scheme for joint management of a common dispensary, hospital or place for the treatment of the sick by a municipality and any other local authority, and apportionment of costs between them;

- (31) approve conditions regarding the grant and withdrawal of licenses in certain cases;
- (32) extend the statutory provision regarding weights and measures to a municipal area;
- (33) require a municipality to make bye-laws for certain purposes;
- (34) approve fees fixed by a municipality in respect of burial or burning in municipal burial or burning ground;
- (35) require a municipality to provide for registration of births and deaths; and to appoint a Registrar of births and deaths for the municipality;
- (36) appoint an Education Officer or other persons interested in education on the Education Committee of a municipality;
- (37) give directions about the municipal accounts rules;
- (38) frame rules regarding travelling allowances to chairman, vice-chairman, and commissioners;
- (39) make rules regarding the submission of Annual Administrative Report of the municipality.

India's First Local Government  
Report on the State of Administration  
in  
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Date.....  
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